

## Radar blackout threat if air traffic men are suspended

traffic controllers, angered by a Aviation Authority threat of suspension without pay for refusing to work normally, threatened yesterday to try to silence radio and information to aircraft over a contingency plan.

### Secret contingency plan

Stephen Thomas  
Reporter  
and radar information

raft over Britain may be

by air traffic control

it's a new move in

spite over a long-stand-

ing grievance.

Civil Aviation Authority

a proposal, which will be

led by the men's dis-

comittee in London to

lead to "an erosion

of standards, which we

explore".

He said: "Air traffic con-

trol officers are undertaking no

work and no criticisms have

been received from the CPSA

through the established arrange-

ments between the headquarters

of the two organizations.

At all times the safety of air

transport is the primary responsi-

bility of air traffic control offi-

cials and will be fully di-

charged."

At local talks at West Dray-

ton, Heathrow, Heathrow,

and Manchester, all of

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work normally unless unless

they normally, threatened yes-

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## HOME NEWS

## Cardinal is saddened by black thugs' violence

By Gofford Longley  
Religious Affairs  
Correspondent

Cardinal Hume, whose visit to the Notting Hill trouble spots on Monday night was not recognized by a reporter, has developed a discreet interest in race relations since last year's carnival also ended in violence. Soon after the trouble in 1976 he visited the district and called in Roman Catholic priests from Notting Hill to discuss the matter.

The culmination of his year's study of Notting Hill was an exuberant Caribbean Mass in Westminster Cathedral last Saturday evening, over which he presided. A black priest from Trinidad, who had flown over for the occasion, celebrated the Mass.

Singing and dancing during the service split over into the cathedral's plaza in Victoria Street afterwards, and the event was one of the most remarkable ever to be seen in a church premises in Britain.

The cardinal, who insists that he is no expert on race relations and that he is not qualified to give a public lead in the matter, has supported projects in aid of black unemployed youths with his personal funds. He has made many friends among West Indians in London.

He paid three visits to Notting Hill over the weekend, the last of which was when trouble was expected on Monday night. The police were officially unaware of his presence, and for much of the time he was unaccompanied, dressed in an ordinary clerical suit. A fellow priest remarked afterwards that as a former rugby forward and well over six feet tall he was not an obvious target for troublemakers.

Yesterday he said the violence had made him terribly sad. "I arrived in the middle of the thing. I am quite sure that the carnival and the rioting were not connected as cause and effect. The spirit of the thing in the afternoon had been so good, and the police had been so good. Extraneous elements came in for motives that had nothing to do with the carnival."

He praised the police and the carnival stewards for their attitude during the day.

He had been present, watching from the side, during some of the worst violence on Monday night and at one point was in the line of fire of missile-throwing black youths. He talked to several groups of youths and individuals, who were present during the fighting, and left at about the time it quieted down.

## Tension that gripped a carnival crowd

Stewart Tendler, in a look back at the Notting Hill carnival, describes how the festivities ended in fighting between black youths and the police for the second year in succession.

All Sunday afternoon groups of black youths strolled up Portobello Road to congregate under the Westway motorway on an open ground leading up to Acklam Road. Once there, they stood with no apparent purpose other than to listen to a recording system.

Just after 7 pm the first signs of trouble began when a crowd of some hundreds cascaded down from the open space shouting that the police were after them. They turned eastwards into the side streets towards All Saints Road with no discernible purpose, and slowed down.

But as they ran, two white men were seen to have been attacked. The older man, in his forties, staggered away with his clothes torn. His companion, in his thirties, lay dead in the crowd.

"Why us? Why us?" The crowd split into smaller groups and continued to roar. They were followed by senior police officers but no large police contingents, and as one officer passed he was heard to complain: "There is no effective action we can take." In All Saints Road plate-glass windows at several restaurants had been shattered.

The youths drifted back into Portobello Road. There, a group of ten or fifteen were seen to surround a white man.

Backed against a shop front he appeared to be smiling, but then a wooden stick was put across his throat and he disappeared under the press of the crowd.

Groups of youths continued to pass the static police line. One inspector told his men: "There are not enough of them to take us on yet." As he and his men watched, a police coach cried to drive up Portobello Road, but got stuck under the motorway. Cans were thrown as it began to back out. This time the officers' recharge said: "They are going to turn nasty. The bricks will come this way."

But the prediction proved wrong, because at 10 pm the music was switched off and the crowd obeyed a call by loud-hailers to go home.

On Monday it was clear that many had come back. The police presence was stronger, with constables now on duty in Portobello Road and a strong gradient leading under the motorway. Carnivals, towards west end, the crowd had begun to bring out whites singly and in groups. In the side streets further down they warned others not to go any further.

A young man, almost hysterical, harangued the police, urging them to go back with him and rescue his girl friend. A special patrol group was called

in by radio, but the officers remained standing on the road.

Some people had their pockets picked, but there also seemed to be a racial undercurrent in the attacks. One youth screamed: "I'm going to kill you, whitey," and spat.

Youths came over to question reporters about what they were going to write. One of them hit a reporter in the eye. A youth tried to be restrained by stewards from attacking other journalists.

Many people stayed in the area, drawn by the excitement and activity.

The stewards, including leading members of black radical political groups, pleaded with the youths, dragging out troublemakers when they could find them. Several times, as they rushed the protesting youths through the police line, friends of the youngsters followed.

It was on one such occasion that a fierce argument broke out between stewards and youths, just in front of the police line. The next moment a bottle flew out of the crowd and smashed at the feet of the policemen.

Groups of youths continued to pass the static police line. One inspector told his men: "There are not enough of them to take us on yet."

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Police officers at Notting Hill displaying the many items, including an air pistol, a sheath-knife and a hammer, as well as mallets and handbags, found in the streets after the West Indian Carnival.

Just after 8 pm two observers from the West Indian Standing Conference approached a chief superintendent. One said: "The situation is getting out of hand. We have been trying to get the music to stop for an hour to let the music in Acklam Road turned off so that they will

The police officer told them: "We cannot find any steward. They have taken off the T-shirts they were wearing to identify themselves or turned them inside out."

At that moment one of the former stewards was passing and the group stopped him. He said it would be wrong to turn off the music because the crowd joining in the open space. By then the stewards themselves were attacked.

Shortly afterwards the police began to clear the street behind them. Nearly 20 coaches were parked in side streets waiting to act. A band of dancers appeared and tension dropped again.

Twenty minutes later stones began to fly at the police line. Coaches sped up and officers drew plastic riot shields from them.

Many youths ran along a footpath to emerge in Ladbrooke Grove, where more officers were disembarking. On the corner of Ladbrooke Grove and

Cambridge Gardens, bottles were smashed down and passers-by and journalists huddled behind or in a row of three telephone boxes.

The crowd moved north up Ladbrooke Grove, chased by a line of police officers behind their plastic shields. The police were ambushed from behind by another group, who were then repulsed by a fresh group of policemen.

Skirmishes between the police and youths continued up and down the footpath leading from Westway. Abuse was shouted, followed by more bottles. Mr Louis Chase, chairman of the Notting Hill Carnival and Arts

Committee, appeared out of a committee to describe how he had been attacked.

Earlier, loudhailers had been used to tell the crowd to go home. If they wanted another carnival next year, but that had little effect.

As the fighting died down people began to smoke their way home. Many black people told the police that they did not condone the actions of the troublemakers. In Portobello Road a line of police officers stood along the pavement on each side of the road as the burglar alarm rang on a smashed clothing shop.

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## Gain in understanding for local blacks

By Our Home Affairs Correspondent

Scotland Yard sought information on the policing of West Indian carnivals from New York and Trinidad, but in the end its operation was sensitively attuned by Deputy Assistant Commissioner David Helm, one of the senior policemen who knows best, to the colourful volatility of Notting Hill.

Ten years ago he served as a superintendent in Notting Hill, with responsibility for race relations. During this year's carnival he had overall command of policing it from an operations room in Scotland Yard.

The police were aware that overreaction could greatly increase violence, have untold long-term effects on race relations, and alienate black opinion. Underreaction would undoubtedly provoke more demands from hard-line white people to enforce law and order by less subtle means. Mr David McNeil, the Metropolitan Police Commissioner, had promised his officers that their safety would not be jeopardized.

Those were some of the constraints on police plans to allow the carnival to be its noisy, colourful self, while containing the hooliganism and crime that are not part of the carnival proper and that could destroy it.

Like all successful policing, the operation could be conducted only with the consent and

backing of the community. To that end the police set out to achieve a partnership with the carnival organizers.

Policemen sat in a rewards' office. There was a map on the wall with pins representing officers accompanying each of the carnival processions. As the participants danced and played their way through Notting Hill, the pins were moved to mark the progress of the procession.

The police, use of radios helped to avoid the mix-up of processions that might have arisen from too unbridled spontaneity. Apart from a couple of officers with each procession, hardly a policeman was to be seen on the routes, in marked contrast with last year.

Most of the crime and violence occurred away from the carnival route under the Westway motorway. Though the police were present in markedly greater numbers on Monday than the day before that was in keeping with Scotland Yard's intention that "the pattern of events on the streets ... would determine the profile of policing."

But given the task that officers were told to perform they clearly needed to be protected. The biggest gain from police tactics was unplanned. The need for them to act against crime being committed by a small minority of youngsters was becoming more obvious to the black community. As well as the joy of the carnival, that everyone was hoping for there was a glimpse of the consequences of lawlessness and disorder. It was salutary.

to have a law-enforcement role. It became obvious in the end that only the police could act decisively.

To do so they gradually increased their numbers in the surrounding streets so that their final moves were not entirely unexpected. They were seen to be necessary to prevent crime from spreading to other parts of Notting Hill.

Once several hundred police men were in the area they sealed streets and advanced behind riot shields, moving people out. As people were dragged out of doorways and rear packing the advantages and disadvantages of the new tactic became obvious.

The biggest drawback is that concerted action of that kind does not allow officers to distinguish easily between those out to cause trouble and innocent onlookers. Whether rioting is a semi-automatic response to riot shields in such circumstances is also an open question.

But given the task that officers were told to perform they clearly needed to be protected. The biggest gain from police tactics was unplanned. The need for them to act against

crime being committed by a small minority of youngsters was becoming more obvious to the black community. As well as the joy of the carnival, that everyone was hoping for there was a glimpse of the consequences of lawlessness and disorder. It was salutary.

Officers stood at hand near by but did not go in to tackle obvious thuggery as they might have done under less restrained leadership. To have gone in might have provoked a riot.

Officers did their best to contain the trouble, but police could not allow them

to have a law-enforcement role. It became obvious in the end that only the police could act decisively.

## Control on works car parking planned

By Michael Baily  
Transport Correspondent  
The number of car communists who park in their companies' premises will be affected by new powers being prepared by the Dept of Transport. They will be able to go on using office or factory parks only if their local authority agrees and issues them with a permit, for an appropriate fee.

Permit holders will be charged for using their vehicles, and will be required to use them only for work purposes. The cost will be set by the local authority to decide what is appropriate.

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HOME NEWS

## Reflation demand will meet the Prime Minister in Scotland

By Ronald Faux

part of economic machinery. Mr Callaghan will be criticized over the ending of the regional employment premium, which had proved a particularly useful weapon in Scotland for creating new jobs in areas of bad unemployment.

A more flexible attitude on public sector borrowing will also be sought. The party has in mind the depressed state of the Scottish construction industry.

Morale in the Labour movement remains low, and the direction of the party, the Scottish National Party, is still making serious inroads into areas of traditional Labour support. The loss of more Scottish seats would threaten the Labour Movement throughout the United Kingdom and the prospects of a future Labour Government.

Well down the list of priorities comes devolution, which the Scottish council of the party and the Scottish TUC accept will be an important weapon against the SNP. It is expected that Mr Callaghan will bring the confidence of a Scottish devolution Bill with him in the next session. That news, and the prospect of some easing of the economic clamp to create more jobs, would make the party's job in Scotland much easier.

## Highlands development 'is ailing to halt decline'

Our Own Correspondent

strong indictment of recent development planning failures in the Highlands was contained in a speculative paper issued yesterday by the Aclander Institute for Research on the Scottish Economy at Strathclyde University, now.

Line and stagnation would be in the region, the report unless there was radical change in the nature of economy and development. The low of physical resources profit from the Highlands been outward, and very capital had been reinvested in a particular resource exploited the owners capital who had been most had simply abandoned the area.

An author of the report is Dr Iain Pratis, of University, Ottawa, in Scotland on a visiting professorship. His report is a picture of the Highlands as an exploited area with boom and bust" economy raw materials and labour to industrial when required.

## Pansion of etext planned

meth Gosling

Two thousand and thousand people are able to receive the teletext information provided by the fax system and commercial television's Oracle.

Manufacturers expect a 50,000 more sets ready year and an additional 10,000 by 1979, with a continuing lowering of

figures, and a forecast potential use of teletext information, were at a press conference in yesterday to announce on October 1 the Oracle service is to be updated seven days a between 9.30 am and 10.30 therto that has happened between 9.30 am and 6 weekdays.

sets capable of receiving transmission should the homes of viewers by spring; sets are selling at £750, but in a couple of the cost of adapting digital colour receiver be no more than £150. Companies are expected the main initial outlet, receiving for an extra month.

It was the first in the there is much interest. Preliminary reports the Berlin Radio Show (West Germany) have ready in a year or so; is well ahead.

George Cooper, chairman Oracle Board of commercial television, said advertising included in the extra free of charge, with ties such as BMW, Mothercare and Boots part. He thought paid on which the service could rely for its revenue, beginning in about two years, using cost will be about 10 a year, and by October costs will amount to 10.

of the possibilities were tested by Mr Cooper. A full service could be provided that the viewer, watching general election programme, could update on any news he liked.

can be used as an in television games; programmes can be displayed provided at the of a button, and as missed an instalment *Street* will be called up the story so far.

Cooper said the system provide a national call reaching anyone anywhere in the country.

o 300 pages can be used access, but for ease and says it will take him a month to learn English.

## Law group's proposal for aggrieved clients

By Our Legal Correspondent

A judge should be asked to review cases where a client believes that his solicitor has been negligent in dealing with his affairs, but legal opinion says otherwise.

The suggestion is made by the Young Solicitors' Group of the Law Society in evidence to the Royal Commission on Legal Services. The group represents solicitors under 36 years of age.

It refers to public dissatisfaction which results from the fact

that a client, who believed he

had a claim for negligence

against a solicitor, would not

readily accept advice from

other lawyers that such a claim

could not be substantiated.

In such circumstances, the group proposes, the client ought

to be entitled to ask for a private appointment with the local circuit judge.

The client and the lawyer who had advised him

that he had no claim would be interviewed by the judge, who

would give his opinion.

Although that opinion could

not be binding, if it was to the

effect that the client had a

prima facie case of negligence,

he would, if financially eligible,

be granted legal aid to pursue it.

Twenty-six people were taken to hospital yesterday, mostly with cuts, after a train had hit the buffers at Cannon Street station, London. No one was seriously hurt.

Mr Millan, Secretary of State for Scotland, is seeing what new legislation can be introduced to improve criminal

procedure and treatment of

offenders.

The Government is also con-

sidering how it can reduce the

availability of prison to

fewer prisoners, considered for

prison, as it is in England

and Wales, in 1976, a

third compared with a half.

More light will be thrown on

the use of parole by the full

results, still to come, of studies

done by Professor F. H.

McClintock and colleagues at

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One of the obstacles to the

increased use of alternatives is

a shortage of social workers

in Strathclyde, regional social

work department, already

supervises about a thousand

more offenders than are con-

tained in the entire Scottish

prison system, according to Mr

F. E. Edwards, the region's

director of social work. The

figures do not include

juveniles.

Mr Edwards responds tardily

to criticisms of his staff. He is

on record as saying: "What is

is very difficult to take is

the position adopted by the

judiciary, the carpings of

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manfully been struggling with

this enormous task of delivering

social work services against

a manpower situation which,

compared with the rest of the

United Kingdom, is staggeringly inadequate."

He says that for every 11

social workers in Strathclyde,

for example, there are 57 social

workers or probation

officers in Liverpool.

Concluded

## Scottish crime crisis 2: Prison sometimes an alternative to poverty

### Stretch in Barlinnie 'worn as badge of honour'

By Peter Evans

Home Affairs Correspondent

Living conditions in poverty-stricken parts of Strathclyde are so awful that prison can seem comfortable in comparison and loses some of its value as a deterrent.

"You are taken away from the wife and squalling kids, given three meals a day, a bath and a haircut," Sergeant Joseph Black, general secretary of the Scottish Police Federation, said. "I have men who have never had a bath in their lives, or at least not since the one given them by the midwife."

Punishing party thugs in prison

can give them another sign of

status to go with a scar from a

gang battle or the kudos of a

successful punch-up with a

chucker-out at a dance hall."

"Some people wear a badge of honour the fact that they have been to Barlinnie prison," Sergeant Black says.

He thinks that suitable work

for the community might be a

more appropriate penalty. So

far the Government is making

community service orders

available only experimentally

in four Scottish regions.

Strathclyde is one of them.

Some of the people who will

have to administer them

express strong feelings. The

method the Government has

chosen, they say, is unnecessary

and tentative and complicated.

And because there is no statutory basis on fair courts may

be reluctant to use them.

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## HOME NEWS

## Ministry reviews way secret papers are prepared for release

By Peter Hennessy

The Ministry of Defence has begun a review of the way classified papers are written, filed, preserved (or "weeded"), and prepared for eventual public release under the 30-year rule established by the Public Record Act, 1958.

The investigation, ordered by Sir Frank Cooper, permanent secretary in the ministry, reflects concern in Whitehall and among historians that valuable material may have been destroyed during "weeding". Under rules laid down by the Grigg committee in 1954, files are "weeded" once they cease to be in current use and again after 25 years, before they are burnt, sent to the Public Record Office.

The Ministry of Defence is the largest creator of paper in Whitehall. It needs more than a hundred miles of shelving for the documents being held to await possible release. About thirty "weeders" sift the material and decide what should be retained and what destroyed. They work in the kitchens of a former hotel in Northumberland Avenue, near the ministry's headquarters.

To discover what is happening to paper between the moment of compilation and the point of destruction or disclosure, sample tests are being undertaken by a review team. They have paid special attention to the files of documents in ministerial private offices.

The inquiry will reopen the question of who should be responsible for "weeding" and the kind of people recruited as "weeders". Ministry of Defence "weeders" are mainly retired civil servants of senior executive officer rank with long experience of line management. The Foreign and Commonwealth Office recruits former ambassadors. No government department employs trained archivists for the task.

"Weeding" is now the responsibility of the ministry's Office Services (Accommodation and Records) Branch, an amorphous empire covering data processing, messengers and a host of other activities

as well as departmental record work. The review team will consider several possible rearrangements.

The naval and air historical branches of the ministry contain skilled archivists and historians among their staff. They will probably become more involved in deciding what should be preserved and how safeguards can be built into the profession.

An example of its present work is the preparation of an official history of air mobility. It will use details from an unpublished assessment (title extract of the Berlin Crisis of 1949-50 compiled in 1950 by Air Marshal Sir Thomas Williams, who commanded the RAF operation).

The ministry may appoint an outside moderator to inspect its new procedures and advise on improvements. A central coordinating body may also be set up to ensure consistent and harmonious treatment, especially important as the three services each had its own ministry until 1964.

The review team will also examine the effects of changing documentary techniques involved in policy work. Life was relatively simple until the mid-1960s, when it was decided regularised policy file with minutes on the left and enclosures on the right, ceased to be the standard mechanism. It provided a chronological, comprehensive record for future generations.

The advent of the photocopying machine and a wider, more diffuse pattern for circulating paper greatly hindered the work of the archivist.

The team's work should be completed by the end of September. Its report will be presented to Sir Frank Cooper and Mr Ewen Broadbent, Deputy Secretary (Civilians Management) for decisions on its recommendations.

## Optimism among army commanders in Northern Ireland

From Christopher Walker  
Belfast

Eighteen months after south Armagh was declared an emergency zone by the British Government, terrorism in the rugged border area has been cut to a level that compares favourably with some other parts of Northern Ireland.

Official figures released to *The Times* by 3 (Ontario) Brigade show that the number of deaths in the notorious district once dubbed as "bandit country" by Mr Rees, the former Secretary of State for Northern Ireland.

The statistics compare the first seven months of 1976 with the same period of 1977. The number of civilian deaths in south Armagh dropped from 13 to two, the number of British Army deaths from six to two, and the number of soldiers injured from 17 to nine. Gun and explosion fell from 23 to 13, and the number of shooting incidents from 10 to 63.

The total of explosives recovered, 3,070lb, dropped this year to 2,000lb and the amount of ammunition from 1,857 rounds to 53.

Army commanders responsible for the area attribute much of the recent change in atmosphere to the controversial presence of The Special Air Service Regiment, first brought in January 1976, after the sectarian killings in the border.

About 150 SAS men are serving in Ulster, each one on a four-month tour. Although their

brief has been extended to cover the whole of the province, much of their undercover work still takes place in the wild terrain of south Armagh.

Senior officers regard last week's murder of Mr William Martin in the border village of Crossmaglen as further evidence that local Provisional IRA leaders are increasingly worried about improving army intelligence.

Mr Martin, aged 60, was seized from his house by four masked men and shot through the back of the head by the IRA which said he was an "informant". That is denied by army sources, who believe that recent arrests have caused concern among republican extremists in an area formerly regarded as "safe".

Last month the Provisional IRA's second battalion in Crossmaglen circulated a leaflet aimed at intimidating local people from having contact with the security forces. Part of it stated: "despite a number of previous warnings about loose talk regarding IRA activities in the area, such loose talk is still continued by a number of individuals whose identities are known to us.

We regard the behaviour of these people as tantamount to passing information direct to the enemy forces and consequently they are now classified as informants."

In spite of the threats, Army intelligence experts maintain that much information is acquired by low-level contacts

## Soldier hurt in Belfast shooting incident

A soldier was injured in a shooting incident in west Belfast yesterday. He was believed to have been hit by a ricochet and was taken to hospital but was not thought to be seriously injured. He is a member of 3 Light Infantry.

He was part of a mobile patrol at which a gunman fired two shots. No fire was returned. The Provisional IRA claimed responsibility for the shooting.

In Coleraine two Londoners were remanded in custody until next Tuesday in a special court on charges connected with Friday's shooting of a soldier. They were James Christopher O'Hagan, aged 18, of Foyle Road, and Michael

Joseph Smith, aged 48, of Creggan Heights. Mr O'Hagan is accused of attempting to murder Private Michael John at an army checkpoint in Londonerry, and Mr Smith is charged with failing to give information to the security forces. They will appear before Belfast magistrates on September 5.

Private John was hit in the head in the shooting. He is still seriously ill in the intensive care unit of the Royal Victoria Hospital.

A big arms find made after a fire in a derelict prefabricated house in Glenlea village in east Belfast, was being investigated by the police yesterday.

## Families refuse to return to tower block after fire

From Our Own Correspondent

Glasgow. Twenty-nine families moved out of the Red Road block of flats in Balornock, Glasgow, after a fire on Monday in which Andrew Forrest, aged 12, died and two others were injured, refusing to return.

Vandals have been blamed for the fire which started in an empty flat.

Tenants have refused to carry out furniture belonging to the families until life in the 31-storey block, damaged in the fire, are working again.

Glasgow housing department is giving priority to rehousing

of the displaced families. Council officials were told yesterday that they refused to return to the flats.

Next month the housing authority will consider a scheme to give the flats available to Glasgow University students. It is thought another 31-storey block in the Red Road area might be included in the scheme.

A lesson that Glasgow has

learned is that power-block high-density living is not compatible with raising a family. Much of the city's annual vandalism bill of between £3m and £4m is on the housing account.

Local residents are giving priority to rehousing

## New Opel may mean Vauxhall version

By John Blundsen

A new range of Opel Rekord cars, comprising two-door and four-door saloons in three levels of trim and equipment, and three-door and five-door estate cars with two levels of equipment, is announced today.

Initially to be made in the Adam Opel AG factory in Russelsheim, West Germany, in left-hand-drive form only, the Rekord range will be imported into the United Kingdom with right-hand steering early next year. If General Motors continues its policy of model integration within the Opel and Vauxhall ranges (already seen in the Kadett/Corsica and Manta/Cavalier models) a Vauxhall version of the Rekord, as a replacement for the Victor series, would seem to be a logical development.

A new wedge-shaped body incorporates a longer and more steeply sloping bonnet, an elongated roof line and a shorter but higher rear end.

A new range of two-litre four-cylinder engines has been introduced for the new Rekord: a

90bhp economy version to run on regular grade fuel, a 100bhp version for use with 95 octane fuel and a fuel-injected 110bhp variant using Bosch L-Jetronic equipment, giving the saloon a top speed of more than 110mph and a 0-60mph acceleration time of 12 seconds.

Although external dimensions are similar to those of the previous Rekord models, leg and shoulder room has been im-

proved, the saloon has a fifth more luggage space and the load area of the estate car has been increased by a third.

The Rekord will continue to be offered with a 2.1 litre diesel engine, and the well known 1.7 litre and 1.9 litre petrol engines will also be available for economy-minded motorists.

In Britain will not be

available until the cars are announced until the cars are available next year.

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## Miners seek retirement of sponsored MPs at 65

From Our Northern Industrial Correspondent

Barnsley. The Yorkshire area council of the National Union of Miners yesterday passed a resolution calling for the retirement at 65 of all MPs sponsored by mining unions. It is to go before the union's national executive in London tomorrow.

It demands withdrawal of union sponsorship from MPs who refuse to retire at that age.

Labour MPs in the Yorkshire area who might be affected are Mr Edwin Wainwright, Dearne Valley, born August, 1908, Mr Richard Kelley, Don Valley (July, 1904) and Mr Albert Roberts, Normanton (May, 1908).

Union sponsorship for candidates means substantial assistance with campaign expenses as well as securing a substantial vote of miners.

In the past a mining nomination in the coalfield areas was almost a guarantee of success but in recent years, with the considerable drop in manpower at pits, NUM representation of constituency Labour parties should assume more responsibility for its public services.

It was not intended to limit immigration only to those with vast incomes, but they did want to stop people coming to the island who were a liability.

"What I did was out of loyalty to the chairman of that company and I did not see why should I practice my trade further on," he said. "It was not as if I was in an embryo stage applying for a job in a bank."

Mr Paul Holloway, Haringey's

MP's manager, said: "I think Mr Brown's application did not disclose that he had a criminal record."

"He was not completely honest in his application, and in view of this I did not consider him a suitable person to have charge of one of our branches," he said. "He agreed to withdraw his application on the strength of our record of honesty and integrity."

Mr Anthony Gordon, chairman of the tribunal, said: "He

had been given the chance of

deciding for themselves whether to accept him, notwithstanding this unfortunate blot on what otherwise appears to have been an honourable and successful career."

The company was justified in feeling it could not over-

look the matter."

More Home News, page 14

## Man lost job after keeping quiet about jail sentence

From Our Correspondent

Mr Gernard Brown lost his £4,500-a-year job as a branch manager of a caravan company when his employers confronted him with rumours they had heard of his serving a nine-month prison term. He had kept quiet about the sentence when he applied for the job.

Mr Brown, aged 56, of Tattenhall, Cheshire, told an industrial tribunal at Stretford: "I had applied for 300 jobs since I was discharged from prison and I did not see any point in deliberately sticking my neck out."

The tribunal dismissed his claim of unfair dismissal.

He claimed when he was dismissed he had been given a month's pay in lieu of notice by W. D. Horrell and Co., of Delamere, near Northwich, Cheshire.

Mr Brown said he and the chairman of a Manchester garage group, to whom he was a personnel assistant, was convicted of conspiring to pervert the course of justice.

"What I did was out of loyalty to the chairman of that company and I did not see why should I practice my trade further on," he said. "It was not as if I was in an embryo stage applying for a job in a bank."

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More Home News, page 14

## WEST EUROPE

### Austerity economy continues for French

From Ian Murray

Paris, Aug 30

Food and tobacco prices are set to go up in the French budget for 1978, which is to be presented on September 7. These are the main sources of increased revenue in a firm budget that will keep to the spirit of the "Barre plan" to save the economy.

Final details of the budget were disclosed at an inner Cabinet meeting yesterday and M Barre, the Prime Minister, has clearly decided that, elections notwithstanding, he will hold fast to the austerity plan he drew up a year ago. There is to be no inflation of the economy.

The official statement after yesterday's meeting said the budget's three aims were to protect the franc, to establish the economy and to support industry. The first two could have been written a year ago but the third shows that so much restraint is beginning to cause industrial stagnation.

The obvious symptom of the disease is high unemployment and tomorrow there is to be a special Cabinet meeting to discuss this problem and measures to control it. The signs are that the economic measures will beakened, those who find it more rewarding to stay unemployed than to work.

More worrying, however, is the constant shrinking of the number of jobs on offer, a clear sign that industry is not trying to expand, probably because of fears about what may happen if the Left comes to power in next year's elections.

M Barre has said that he will not allow the elections to impair his economic judgment.

A factory poster designed by the British Safety Council has been condemned as insulting and damaging to trade relations by Asian leaders in Britain. The council has refused a request from the Commission to withdraw it.

At the same time the decision to present a budget that will run into 24,000 companies employing about 10 million people, largely stems from the desire not to pollute industry further by the higher taxes necessary to meet planned needs in 1978.

M Barre is also aware of the growing clamour from the unions, middle management and, indeed, from M Jacques Chirac, the Gaullist leader, for an end to right wage restraint.

Figures just released by the Ministry of Labour show that the purchasing power of hourly paid workers has not increased at all in the past year despite an increase of 10.6 per cent in the wages bill for the period. The jobless rate, after having risen by 0.5 per cent, has remained at 10.8 per cent in the next round of negotiations, which are about to start.

The middle-management class (cadres) are meanwhile trying to make their voice heard. M Yves Champenois, the president of the confédération Générale des Cadres, has attacked a proposal by M Edmond Mairé, the socialist trade union leader, to limit to 30 hours.

M Mairé is due to meet M Georges Seguy, the Communist trade union leader, tomorrow to discuss tactics to end two big strikes which have caused upset in the year ahead.

The clashes brought the total

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## Communists prepare for hard autumn in Italy

By Peter Nicholls  
Aug 30  
The Italian Communists held a crucial conference here yesterday intended to enlighten a turbed rank and file about some of the difficult problems facing the party this year.

He bears the unappealing name "Requirements of a mass mobilization for carrying out the programme". In effect, the meeting is coming to terms with the doubts and difficulties aroused among its following by the historic agreement allowing the minority Christian Democrats to govern the country. The agreement is first example of formal collaboration at governmental level between Communists and Christian Democrats in three decades.

Today's meeting was preceded by the first public clash between the two parties since an agreement was signed. The communists' newspaper *Unita* devotees a long leading article to refute Christian Democratic attacks on the Comintern's alleged "ambiguity".

The Christian Democratic

was made ostensibly on basis of the Communist

long-term economic plan.

the essence of it is on a

of principle: that the

long-term plan was envis-

aging to a longer-term

for introducing a socialist

party.

Communists reply that if

are accused of wanting to

socialism, they plead

what else, they ask.

Is a communist party be-

ing to be formed in our

country?

They are however put-

forward their views as a

turn towards the party's

out of its crisis. And

point to the admitted

inability of private enter-

prise to attract suffi-

cient capital accumulation.

Initiatives they say,

have a full field in which

but at the same time

economic policy should offer

objectives for the develop-

ment of society.

They claim that recent state-

on the condition of

industry by Signor

Carli, chairman of the

Confederation of Industry, sup-

port their thesis on the need

for more radical national

economic policy.

It could be argued that much

could be said of the

as made today by Signor

Agnelli, chairman of

who states in an interview

northern industry ought to

the feared recession this

and more or less main-

tain a present level of employ-

but will not be able to

jobs to the unemployed or

people seeking work.

foresees early economic

from the West German

shank and the West Ger-

overnment. Nevertheless

pressure he gave was of

an hiatus in economic

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hood of either catastrophe or

improvement.

this situation, the Com-

undoubtedly believe

they have the chance to

vital role yet feel them-

a disadvantage. They

the Christian Democrats

to practice "crude

and" in their recent

Certainly, it is much

for the Christian Demo-

to be simple in their

so long as they are

the Communists of

ty aimed at the indefinite

## Izzi escaped rope in window

burg, Aug 30.—Frau Kappeler, wife of a Nazi war criminal, has freed her husband from a Rome prison hospital after 15 by letting him a rope from his third window.

told *Bunte Illustrierte* she used mountain climbing equipment to lower her Nazi police chief in to a rented car. The authorities believed Frau Kappeler smuggled it of hospital in a wardrobe.

signs of climbing equipment in a car in Rome had her the idea for the she told the magazine, a plan had gone off without a hitch. Once safely on the he had hidden in the a third and fled to West Germany.

former SS colonel, who was convicted of killing 335 in 1944, is now 70 and died by cancer. Legal sources said that he will be preferred him here and that he be extradited to Italy.

Kappeler are believed to be in the north German of Soltau, where Frau's father was the local party leader.

Kappeler told the magazine an escape attempt last failed at the last minute. Id that with the help of his friend she got hold of his cow and planned to the Seychelles, don't it. A few months from the she thought this would work. But she drop the idea when he acquitted with the came into the hospital in a visit.

mayor of Soltau, Herr Romhardt, said last week Frau Kappeler had sold her for a "high price".—Reuters

## OVERSEAS

### Mr Smith will put his internal settlement proposals to Dr Owen

From Michael Knipe  
Salisbury, Aug 30

Mr Ian Smith, the Rhodesian Prime Minister, indicated yesterday that he intends to put counter-proposals regarding an internal settlement, when the Anglo-American negotiators arrive here on Thursday.

Britain and America's "lack of concern for the effects of terrorism on our black people" seemed to show that they had "no real and genuine interest in the welfare of Rhodesians or white", Mr Smith claimed.

Their overriding aim was to avoid a confrontation with the Soviet Union and the fact that the Patriotic Front were the protégés of the Russians accounted for the appeasement of this organization.

It was because of the "havoc external influences" that his Government had turned seriously to the practical alternative of an internal solution between the Government and moderate black leaders.

Mr Smith reminded his listeners that he had had what he described as "realistic and productive talks" with Mr Vorster, the South African Prime Minister, on Saturday and said it was important to ensure that there was mutual understanding to enable "the safeguarding of the Christian civilization which has been built up in southern Africa".

Rhodesia's tiny and predominantly white electorate—1.5 per cent of the population—goes to the polls tomorrow, with Mr Smith's Rhodesian Front seemingly assured of a massive victory, in spite of the vagueness and seeming inconsistencies of its election platform.

During the election campaign Mr Smith had made political capital by casting doubts on the viability of the Anglo-American proposals.

He has conceded that his own internal settlement plan has for greater chance of success, but has given no details. He intends, he says, to form a "broad-based" Government which will include African leaders who have renounced terrorism.

But it would be indiscreet and would jeopardize the plan, he says, if he were to name the Africans in question. He reassures whites by saying that even these Africans can be dismissed from the Government if they step out of line.

This unspecified broad-based Government would draw up a new constitution, which would not involve one-man-one-vote.

The fact that the only two African leaders who could give any viability to the "broad-based" Government—Bishop Abel Muzorewa and the Rev Ndabaningi Sithole—will accept nothing less than immediate majority rule on adult franchise and expect the guerrilla forces to be integrated with the security forces appears in no way to have discredited Mr Smith's plan of action in the eyes of most whites.

The Rhodesian leader told his audience that he would be misleading them if he were to name the Africans in question. He reassures whites by saying that even these Africans can be dismissed from the Government if they step out of line.

Nothing would please them more than to see Rhodesia's security forces dismantled. Both President Machel of Mozambique and President Nyerere of Tanzania had stated publicly.

He asserted that they regarded the dismantling of the security forces as more important than the content of the constitution.

Mr Smith went on to say

Rhodesia was being used as a platform in a massive power struggle between the West and the communists. "We find the present British and American administrations united in their apparent determination to encompass our downfall."

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### Kenya condemns Somali offensive

From Our Correspondent  
Nairobi, Aug 30

Dr Owen, the British Foreign Secretary and Mr Andrew Young, the United States representative at the United Nations arrived here tonight after stopping in Dar es Salaam to meet President Nyerere, of Tanzania, one of the African front-line states. They had earlier visited South Africa to discuss the new Anglo-American proposals on Rhodesia with Mr Vorster, the South African Prime Minister.

President Nyerere said that during a meeting with him, the two envoys had elaborated on the proposals which they had already outlined to the front-line states in Lusaka last week.

Izzi escaped rope in window

Nairobi, Aug 30.—For the first time Kenya has publicly condemned the seizure of much of the Ethiopian province of Ogaden by Somali insurgents.

Kenya's new Ambassador to Ethiopia, Mr F. K. Nganara, has said in Addis Ababa: "Kenya condemns unreservedly the current aggression against Ethiopia."

Nairobi and Addis Ababa have a defence agreement though Kenya has not actively intervened in the war.

Somalia historically not only claims Ethiopia's Ogaden desert but also parts of northern Kenya as belonging to a "greater Somalia". Nairobi is understood to be deeply concerned that Somalia could launch a military attack on its northern frontiers if the Somali insurgents succeeded in capturing and holding the Ogaden.

Guerrillas supported by Somalia now claim to control the whole of Ethiopia's Bale province apart from two towns, according to

the Somali news agency, Sonna. As in the Ogaden to the east, the inhabitants of Bale are mainly related ethnically to the Somalis.

Quoting communiqué of the Western Somali Liberation Front (WSLF), the agency said guerrillas had killed 83 Ethiopian soldiers in fierce fighting near the town of Gindir, about 150 miles south of Addis Ababa. It said when we will publish them. That is probably going to be Thursday."

In reply to a reporter's suggestion that the proposals had already been rejected by the front-line African states, Dr Owen said: "That is news to me."

Dr Owen and Mr Young are expected to have a meeting with Dr Muuanya Waiyaki, the Kenyan Foreign Minister, tomorrow.

Yesterday the reported mission to the Soviet Union by President Muhammad Siad Barre of Somalia, believed to be seeking urgent talks with the Kremlin on the fighting between Somalia and Ethiopia.

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Yesterday

## OVERSEAS

## President Tito given unexpectedly warm welcome in Peking despite his prior visit to Moscow

From David Bonavia

Hongkong, Aug. 30.—President Tito of Yugoslavia arrived in Peking today in a welcome which, according to reports, has been matched in recent years only by those granted to the leaders of fraternal liberation movements in Indo-China.

Yugoslav leaders, who have been visiting North Korea and the Soviet Union, was warmly greeted by Chairman Hua Kuo-feng and other dignitaries. The exuberance of the welcome comes as a surprise in view of President Tito's prior visit to Moscow.

His presence in Peking marks the culmination of more than two decades of changing relations between Yugoslavia and China. In the early 1950s "revisionist" Belgrade was used as Peking's whipping boy in the ideological dispute with Moscow. Later, however, China came to support Yugoslavia's struggle for national independence against the "social imperialist superpower," regardless of its internal policies.

In the 1950s and 1960s China was also active in the Third World movement, of which Yugoslavia was a pioneer. However, the theory of "three worlds" propounded by the late Mao Tse-tung and recently upheld by Chairman Hua, is different from the Yugoslav idea, because it regards the developed countries, other than Russia and the United States, as the "second world," and would presumably put Yugoslavia in this category.

Marshal Tito's visit comes only a few weeks after a decisive ideological break between China and its old ally, Albania. A dispute over the "three worlds" concept has been used as the pretext for the cooling off of a relationship which had become progressively less useful to China since its improvement of relations with the United States and Western Europe.

It was Albania's fear and hatred of Yugoslavia which originally drove it into the Chinese ideological camp. But it

seems that in the process, Mr Tito has become a Maoist party leader, has become personally committed to a Maoist idea of "revolutionary purity" which has now been discarded in all but name by the leaders in Peking.

China's real interest in cementing ties with Yugoslavia remains geopolitical, as does its friendly relationship with the other Balkan power which resists Soviet domination.

By showing solidarity with countries in Europe which seek independence from their superpower neighbour, China can emphasise its own determination to defend itself against Soviet attack.

Reports that China is interested in copying Yugoslav economic experiments in joint worker-management could be mere speculation at this stage. While Peking is obviously becoming more interested in material incentives for workers, it is still a long way from the reformed Soviet system, let alone the Yugoslav model.

Photograph, page 14

## Mao's widow 'will not be executed'

From Harrison Salisbury

Peking

The Chinese people are quite unhappy at the reluctance of President Carter to give up his old friend Taiwan, according to Mr Li Fuchun, the fourth ranking Chinese leader.

Mr Li, one of the five members of the standing committee of the Politburo of the Chinese Communist Party, speaking yesterday in an interview in Peking's Great Hall of the People, told me that some American politicians affirmed that China should take into consideration the feelings of the American people on the Taiwan question. But, he suggested, they were actually referring to politicians and elements of the mass media that continued to support the old friends in Taiwan. He thought that the American people did not share this view.

He suggested that in comparison with Russia the United States was on the defensive, trying to protect its vested interests while the Soviet Union was carrying out an expansionist policy in every way.

Russia was keeping up pressure on the Chinese frontier but its primary target was the

United States and Japan as much as China.

Mr Li denied that China was a war-like country. It would never fire the first shot in a conventional or nuclear war.

"Why should we want war?

We are not very rich, and if they say we have no raw materials, it is not true." China had enough to live on.

Asked whether Chang Ching, Mao's widow, and her associates would be tried and executed, Mr Li said with some emphasis: "We do not kill them. We will let them live and feed them."

China would not follow the precedent of Stalin, Stalin was a great tyrant, but he had to kill people. He liked to kill, but in some cases this was really not so proper.

Chairman Mao Tse-tung had consistently held that the Chinese Communists should not kill too many people. It was proper to deprive wrongdoers of all political rights, to expel them from the Communist Party and to take away their official posts. It was also appropriate not to let them be at large for a period of time.

The activities of the band had caused serious difficulties in many regions. Mr Li singled out

Hangzhou as an area of great damage and said that a year ago, when foreign friends fled to go to Hangzhou, the only way to deal with them was to say that the lake was under repair.

Shanghai, the principal base of the gang, had suffered relatively little as it was the group's policy to maintain a stable situation in Shanghai while causing political and economic difficulties elsewhere.

Mr Li gave credit to Chairman Mao for the steps that led to the group's downfall. He said that Chiang Ching and the others had joined the Cultural Revolution and the campaign against Mr Li Shao-chi, the former chief of state, with apparent correctness, but actually investigation had disclosed some connexions between them and Mr Li.

Asked what had happened to Mr Li and his associates, purged during the Cultural Revolution, Mr Li said that this group was now idle. Asked if Mr Li had since died, as had been reported abroad, he said: "Well, they are anyway advanced in years." This seemed to imply that Mr Li was still alive.

New York Times News Service

## Soviet 'no' to ethics standard in psychiatry

Honolulu, Aug. 30.—A suggestion that the World Psychiatric Association should establish a permanent ethics committee has been sharply criticized by Soviet delegates during the first meeting of the sixth congress of general assembly here.

Dr Clarence Blumquist, a Swedish psychiatrist, yesterday suggested the creation of a "committee on standardization of ethics" to draw up a code of ethics for the profession, but Dr Edward Babayan, the Minister of Public Health who heads the Soviet delegation, immediately replied that such a committee had no reason to exist.

He argued that ethical concepts differed from country to country and that such a commission, if created, would encounter numerous political and legal obstacles.

In his opening speech he praised the "humanitarian character" of Soviet legislation on psychiatry. Citizens were examined "by at least six or seven psychiatrists" before being interned in mental hospitals, he said.

When a Soviet court ruled for internment of defendant, that was merely "a recommendation, not a sentence."

During the opening session, attended by a small number of delegates, only procedural and administrative questions were discussed.

Dr Sidney Bloch, a British delegate of Oxford University, stated in a declaration outside the official session, that the delegations of English-speaking countries would withdraw from the world association if the congress refused to condemn the use of psychiatry for political ends.

If the congress refused to take this action, Dr Bloch said, it would be abandoning its responsibility and would be unrepresentative of the profession at world level.

In addition to the "Declaration of Hawaii", the British and American delegations have introduced, in the name of their national psychiatric associations, resolutions severely condemning the internment of people in mental asylums for political reasons.

During the first session yesterday, the assembly elected Dr Pierre Pichot of the St. Anne Hospital, Paris, as president.

At a press conference here, which coincides with the opening of the congress, Mr London, president of the Soviet delegation, mathematician, stated that when he was interned in a psychiatric hospital at Dnepropetrovsk, fellow inmates were knocked out with drugs and lived under unbearable conditions.

Dr Marina Voikshanskaya, a former psychiatrist of Leningrad, who now lives in London, told reporters that Soviet psychiatrists must protest massively against being used as instruments of punishment by the state. Agence France-Presse.

## Progress seen on ban for chemical weapons

Geneva, Aug. 30.—The United States told the 30-nation disarmament conference here today that it making definite progress with the Soviet Union towards a treaty banning chemical weapons.

Mr Adrian Fisher, the American negotiator on disarmament, said the two world powers, together with Britain, have also put renewed effort into a nuclear test ban.

Reporting to the final meeting of the disarmament conference this year, Mr Fisher said Washington and Moscow would convene a special disarmament session before the 1978 round starts next spring, if the test ban or chemical weapons initiative is successful earlier.

Apparently holding out more hope for a Soviet-American proposal on banning chemical weapons, he said: "This is a complex issue and several important questions still remain to be resolved, but I am pleased to be able to report that the positions of the two sides coincide on a number of key issues and on some others we are not far apart."

He did not specify which "important questions" remain to be settled but Western ex-

perts said that these problems involved particular ways to verify that a treaty is being violated, and the issue of chemical agents that have military and peaceful uses.

In the nuclear field, America, Soviet and British experts had preliminary talks earlier in the summer and agreed that sufficient common ground existed on a nuclear test ban for formal negotiations to start in Geneva on October 3.

Sources said that a key issue in the three-power negotiations concerning peaceful nuclear explosions.

The United States and Britain have these banned along with weapon tests because they say there is no way of telling the difference. But the Russians say that peaceful explosions ought to be allowed for such purposes as mining, digging canals, extinguishing oil well fires and changing courses of rivers.

Mr Viktor Likhachev, the Soviet disarmament negotiator, said that the Soviet Union was aware that using nuclear explosions for peaceful purposes "should not in any way contribute to the proliferation of nuclear weapons or to the perfection of development of new types of these weapons."—UPI and Reuter.

## Hongkong claims victories in corruption war

From Our Correspondent

Hongkong, Aug. 30

The Independent Commission Against Corruption (ICAC) is targeting corruption in Hongkong by the end of this year, according to Mr Jack Carter, the ICAC Commissioner.

In his annual report, he says there are signs that the commission's activities have begun to hurt the corrupt, and that some syndicates have begun to crack up under pressure.

"But there is no room for complacency," he stated. "A very great deal still remains to be done, and even when our immediate aim is achieved there can be no let-up."

Last year, 2,431 corruption and related cases, received by the ICAC and 1,112 investigations initiated, resulting in the conviction of 259 people, of whom 189 were convicted and 30 acquitted.

In addition to the "Declaration of Hawaii", the British and American delegations have introduced, in the name of their national psychiatric associations, resolutions severely condemning the internment of people in mental asylums for political reasons.

During the first session yesterday, the assembly elected Dr Pierre Pichot of the St. Anne Hospital, Paris, as president.

## Publisher faces charges in drug conspiracy

Hongkong, Aug. 30.—Mr Ma Sik-chun, a millionaire newspaper publisher, was charged today with conspiracy to traffic in dangerous drugs.

Mr Ma, aged 39, who owns one of Hongkong's largest newspapers, the *Oriental Daily News*, is in hospital suffering from diabetes and was not in court when the charges were read. He is expected to appear in the next two days to enter a plea.

The drug offences were alleged to have been committed between 1967 and 1973.

**Students charged**

Manila, Aug. 30.—The Philippine Government today brought homicide charges against 18 college students for the death of a fellow student suffered severe injuries suffered during fraternity initiation rites. All of the accused, four of whom are girls, are still at large.

New York Times News Service

which began 15 days ago in the northern town of Jaffna, and was directed mainly against the Tamil minority of 5,000 people.

Sources said that the situation on the island had virtually returned to normal. The coastal region of Puttalam, north of Colombo, was the only area where fresh violence was feared. It was still tense after clashes two nights ago.

A 12-hour curfew has been imposed on Puttalam and Jaffna. Throughout the rest of the country a six-hour curfew was ordered for the eleventh successive night.

Official sources said that tea and rubber production has resumed. Several thousand Tamil workers on tea and rubber plantations, who had fled central and south-central hill districts, had returned.—Reuter.

## Russians go back to their rural roots

From Christopher Wren

Moscow, Aug. 30

The official Soviet press may be busy orchestrating a public debate over the new constitution, but in these sultry August days many Russians seem far more preoccupied with their summer dachas.

President Brezhnev has one. So has Dr Andrei Sakharov, the physicist, and human rights activist. Even those who have to beg, borrow or rent a dacha have abandoned the hot city streets for the cool of the countryside. One Soviet architect estimates that perhaps 60 per cent of Moscow's residents have access to a dacha.

If the figure sounds high, it is because the dacha is a confusing concept. Once it referred to the summer estates of the landed gentry. Today a dacha has come to mean almost any kind of roof under which to spend a holiday in the country. Senior officials have stately villas complete with servants, but for the less privileged majority a dacha may be nothing more than an over-priced room rented from a collective farmer.

It fits the August Committee's views on the future of community television: "It's more a question of network television than of its skin in the teeth."

Unlike the others, Channel 40 is not a commercial venture. It is financed by a no-strings-attached grant of £50,000 a year from the Development Corporation, and its prime function is to provide the residents with access to television equipment to make their own programmes. The idea, as it is in Swindon, is not to create a new breed of TV producers, but to provide a new means of communication for groups and individuals in the local community to exchange ideas and information.

It fits the August Committee's views on the future of community television: "We argue," they said in their report, "that community service... can come to be seen as a means of taking the neighbourhood, this is real access broadcasting."

However, if the people in Milton Keynes are to be beaten to their summer dacha, the local council will have to be beaten to their studio door.

The country's leaders join the rush to the dachas, but quietly. The press does not report their unofficial movements and instead spins out messages and proclamations to convey an illusion that they are hard at work. But Mr Brezhnev has been receiving East European visitors at his hideaway in the Crimea, while Mr Alexei Kosygin, the Prime Minister, is said to have a government dacha at the Baltic Sea resort of Palanga in Lithuania.

Even lesser members of the elite receive their dachas free or at nominal cost. Central Committee staff workers are said to pay only 100 roubles (£80) a year for theirs. The road winding west from Moscow through pine forest to the communities of Barvikha and Zhukovka fills up with black limousines taking officials to retreats set back on side roads marked "No entry".

Other communities are grouped by professions: Scientists congregate in Abramstovo, though a few such as Dr Sakharov live in Zhukovka; dachas at Perekulino and Krasnaya Paka are allocated to writers and theatre people; and foreigners may rent bungalows in a fenced-in government reservation.

Among those who do not qualify for a free dacha, the market is hot and fierce. A teacher discovered that a good country home, with electricity and running water, costs up to 50,000 roubles (£40,000). They have become outrageously expensive, she reported.

Institutional cooperatives are also common. According to one writer, the cinematographers' union put up a block of flats by a lake and invited intellectuals to buy, starting at 15,000 roubles for a one-room flat.

Manual workers got attention in the early 1960s when Nikita Khrushchev created allotments for them. These filled up with sheds that were turned into small dachas. When owners tried to expand their sheds beyond the 270 sq ft permitted by law, they were blocked by the authorities.

Because there are not enough dachas to meet the demand, the scramble for a summer home starts long before the snow melts.

A good dacha has to be found through a friend and people start looking in February, one Muscovite said.

Every year it gets more expensive, his wife added. "Before, we thought that 500 or 600 roubles for the summer was expensive. But now it is common to go up to 1,000."

Letting rooms has become a profitable sideline for suburban collective farmers. If they rent four rooms, they can earn up to 600 roubles for the summer, according to a scientist who knew of a farmer who divided up his home and moved into the tool shed.

Russians theoretically are not allowed to have more than one residence at a time. Some have persuaded their parents to leave Moscow and rent a home in a village near by. But this means giving up a valued residence registration in Moscow for one in the country, an irreversible bureaucratic step that even the most mellowest grandfather may be reluctant to undertake.

Because of the awkward questions that it raises about social inequality, the dacha issue is seldom discussed in the press. But when officials do talk about it, they say a common charge is that they misappropriated government funds to build themselves elaborate dachas.

These are gingerly in flavour and have a rich dark colour from the addition of black treacle to the recipe.

**Make 12**

8oz plain flour

pinch salt

1 level teaspoon bicarbonate of soda

2 level teaspoons cream of tartar

1/2oz butter

2 level teaspoons castor sugar

2 level teaspoons black treacle

1/2 pint milk (about 6 fl oz)

it in a little flour on the worktop surface each time so that the soft dough does not stick. Or use a floured knife and cut the scone in squares—this makes no difference to the taste. For flaky scones, turn over and roll out to a thickness of less than 1/2 inch in depth. Divide the dough into two if your girdle or frying pan is small. With a knife cut right across the scone to make 8 triangular pieces. Arrange them on the girdle or frying pan and cook until well risen and light brown underneath. You will find that the outside of the dough dries but does not stick to the hot girdle and with a palette knife you can lift up the edges and see how they are cooking. Turn them over about half way through and bake the second side until the scones are quite dry right through—

television's  
ence?

THE TIMES WEDNESDAY AUGUST 31 1977

7

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# Closing the economic gap between supply and demand

I seek in this article to discuss an aspect of inflation which receives, I believe, too little attention. There seems to be wide agreement that inflation results from an excess of aggregate demand over aggregate supply. But discussion focuses mainly on the demand aspect. I suggest that the supply aspect, too, merits consideration.

Many people must ask themselves how there can be inflationary excess demand when there are, apparently, so many registered unemployed and when business is working below capacity. How can this paradox be explained? To say that the unemployment figures misrepresent the balance between demand and supply for labour is not a sufficient answer.

To resolve this apparent paradox, we must, I suggest, consider the economy from both ends. Demand exceeds supply because we have actively opened the gap between them, not only from the demand but from the supply end. We have, simultaneously, encouraged demand and discouraged supply.

Postwar conventional wisdom held that by raising demand, governments could generate growth. But we—and not only Tories—have ruefully come to recognize that governments cannot generate growth. Though governments cannot generate growth, what they can do is obstruct spontaneous growth—and this is what they have done and what, in particular, this Government has done, and is doing.

In the last analysis, supply (and improved supply of what people want) is what we still grow. It is a matter of individual initiative and effort. At best, governments only create the conditions for it. Even if optimal conditions were provided to encourage initiative and effort, the individuals comprising a society might still choose slow growth. If so, go for it. The choice should be theirs. But they have been given little choice in our cosseted, inefficient, anti-enterprise economy.

The encouragement of demand has been, until recently, the essence of our economic policy since the war. The pursuit of full employment, using misleading unemployment and vacancy statistics as the criterion, has kept demand consistently high. But the effect, unintended and unobserved, of other policies has been even

further to encourage demand and simultaneously to reduce supply.

Let us start with price control. All price controls encourage demand and discourage supply. The adverse effect intensifies as investment and expansion are inhibited either by low rates of return or by fear of interference with market rewards. A good example is rented housing. Rent control encourages people to seek and hold housing which but for subsidy, they could only afford by foregoing other demand, and at the same time it discourages private enterprise from providing more homes and flats to let. The result is an artificial government-created shortage of housing, with innumerable social cost in human misery as well as economic cost in reducing the mobility of labour.

Second, consider overmanning—one cause of our low productivity and our relative decline. Millions of people are, today, employed unproductively—that is, the current quantity of goods and services would be produced even if they remained at home each day. They are paid for what they produced but they do not produce. They are enabled to contribute to demand more than if they were unemployed and available for productive work, but they do not contribute to supply. The point here is that a demand/supply gap is created whenever someone who is paid to produce goods or services is not in fact needed for such production.

The aim of production is, and always has been, consumption. It has been increasingly violated in our own day with the chime of "job creation", which probably destroys as many jobs as it creates, diverts work from production and consumption and turns work into a consumer's good in its own right. But it is dead sea fruit. More and more resources, which should be devoted to producing goods and services which people want, are diverted to producing work. So the total output stagnates while incomes rise.

Moreover, some recent legislation intended to encourage jobs has, in fact, done the opposite. The higher the cost of employing and dismissing people in relation to their likely output, the less will employers start new businesses or

expand existing ones. Here is another discouragement to supply.

Above all, we have systematically discouraged the supply potential of large, medium, small and self-employed firms by an overextended public sector that bids away resources and skills, by pay, price and dividend controls, excessive marginal rates of direct taxation and over-regulation.

Present levels of direct taxation discourage effort at all levels of income and divert entrepreneurial talent away from job-creating enterprises.

Nor must we ignore the

resource cost of compliance with excessive regulations and of enterprise planning under fluctuating government policies. Anti-business, anti-profit attitudes which pervade the educational system, the Civil Service and much of the political world, all discourage supply by creating a culture hostile to enterprise and risk-taking.

These factors—individually and in combination—contribute to the widening gulf between demand and supply which is inflation. They help to explain why the equilibrium rate of unemployment seems to have more than doubled from 2½ per cent to nearly 6 per cent over the past three years. This level of unemployment may continue—or even rise—regardless of demand, if the perverse effects of these factors are not recognized and corrected.

To say this is not to imply acceptance of high or continuous unemployment. But instead of tracing and obviating the causes, government tries to tackle the symptoms, thereby creating a whole new series of predictable side-effects.

A trading society like ours increases competition. New business communities in developing countries—as well as long-established ones in developed countries—are moving ever faster from our home and foreign markets. We depend for our standard of living and our jobs on two factors above all: innovation and value-added.

Both should be spontaneous responses to the incentives and pressures of the market. But they emerge only if an encouraging climate exists.

Short cuts to higher employment will only lead to further erosion of self-sustaining employment. Only a decisive change to a pro-enterprise, high

productivity, innovating economy can reverse the downward path. If I am right, higher employment and an end to inflation can be achieved only if obstacles and distortions are tackled at the micro as well as the macro level with understanding and cooperation by the

unions.

There is no other way to prosper at high levels of employment than by being competitive.

Neither is a siege economy

—that is, rejecting the international division of labour; nor

soaking the remaining rich-

that is, consuming capital

will maintain let alone in-

crease employment and stand-

ards of living. Nor will

increased demand in itself in-

crease supply, as some urge;

because supply is checked by

the obstacles I have listed and

to raise demand would only

raise prices still faster.

I think that, within a workable and humane framework of laws and taxes and institutions, a healthy economy has a capacity for spontaneous self-adjustment and self-improvement. But we have crippled our economic metabolism by well intentioned but uncompromising policies. Indeed, the obstacles to spontaneous growth have increased rather than diminished since the NEDO report of 1963 on the subject.

We shall not prosper until we have corrected them and created conditions in which the innovation, the enterprise and the high-productivity on which our standard of living, our employment and our social services depend are encouraged. These changes require economic policy but also widespread economic understanding. It will be relatively easy to move towards a balanced budget, to cut borrowing, encourage saving, reduce legislation—but harder to raise productivity and encourage innovation while Labour and the TUC remain so wilfully ignorant of the processes of prosperity.

But even a new climate of encouragement and enterprise will not be enough if people do not believe that the new climate will endure. Nothing will do more for the prosperity and jobs of the people than common ground between the parties on the need to encourage supply as well as to control demand.

Sir Keith Joseph

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Why  
don't the  
unions  
give  
women a  
bigger  
say?

In order to stay in employment

Segregation began as men

on their side, with considerable

success, asserted a prior right

to work most notably in

mines, factories, and

agriculture, where they

were paid less than half a million men.

Women have consistently

been under-represented at

trade union congresses in

both white-collar unions

like the Association of

Scientific, Technical, and Managerial

Staffs and manual unions like

the National Union of Tailors

and Garment Workers, and in

all sizes of unions from the

minsmen, Transport, and

General Workers to the very

wholly female occupation until

the advent of Cromer's mule

and Metal Workers.

In the unions of health ser-

vices, employees, footwear

workers and bakers, all with big

female memberships, women

last year did not appear as TUC

delegates at all. Only in three

of the smaller unions were they

over-represented.

All this is a reflection of the

situation in the unions. If

some women are still segre-

gated into special sections or,

more commonly, pay lower sub-

scription rates and receive

lower benefits.

The reason given is women's

lower pay. Therein lies one of

the explanations of why well

over half the number of work-

ing men have joined unions,

but only just over a third of work-

ing women.

Allied with the growing busi-

ness of housework as working

people followed the Victorian

upper and middle classes in

amassing bric-a-brac and pos-

essions, the outpourings of

materialism and loss of the mass

mind with trade unionism.

Their self-confidence was

spoiled by the growing busi-

ness of the textile industry.

Women joined extensively in

which of unions arose.

In Britain, as still today is

most of the world, the mass of

the population from four-year-

olds to grandparents all

worked. Women, therefore,

were members of some of the same

unions and friendly and bene-

ficiaries as men.

The "rate for the job" was cus-

tomerly paid in various branches

of the textile industry, for exam-

ple Arthur Young.

By the late eighteenth cen-

tury, women were ceasing to

set up their own friendly

and benefit societies and their

own trade associations.

Yet women as union secre-

taries and officials still cause

some surprise.

They were, however, forced

into lower-grade work with no

chance of competing for the

jobs of the industrial male

elite who so often founded

unions. Dreary, dead-end, low-

paid work was squashed in girls

minds with trade unionism.

Their self-confidence was

spoiled by the growing busi-

ness of the textile industry.

Their self-confidence was

spoiled by the growing busi-

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spoiled by the growing busi-

ness of the textile industry.

Their self-confidence was



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## CARNIVAL AND CRIME

at's Notting Hill Carnival, that of 1976, was reasonably planned and organized. Organizers and the police amicably on the routes to ten by the processions, were recruited in what to be adequate numbers. Police, mindful of the voiced last year that visible presence in crime strength was a contributing factor to those disturbing the brave decision in the background as far as possible. Cooperation between the carnival organizers and the police is friendly and constructive. At the end all those positive events of last year repeated, albeit on a significantly smaller scale.

Year, at least, the facts are reasonably clear and blame attributed with certainty, me relief that the carnival organizers and the police are at their assessments of the ad's events. The amount of bitterness, mutual accusations, and tension which bedeviled the aftermath of the 1976 disturbances are fortunately absent.

Many of the young hooligans, including some of the most vicious ones, are, however, 16 and younger. They are treated as children in law. They cannot be sentenced to a term of imprisonment. The 15 and 16 year-olds can be sent to Borstal, but the average stay there is well under a year, which might be thought too short a time for some of the more serious offences. Detention centres have not proved to be of great value in dealing with the really tough thug, and are certainly no effective deterrent. The magistrate may make a care order, and the local authority can then place the offender in a community home, but that too

could be considered a lenient course. There are some places where difficult disruptive hardcore young criminals can be held in secure conditions, but there are not enough of them, and they will not necessarily be appropriate for the kind of offenders involved at Notting Hill. It may be that a change in the law is necessary, to allow a court greater powers to order the detention of a young offender for a given number of years at the Home Secretary's discretion. They can do so now for only murder and other crimes which could attract, if the offender was adult, more than 14 years imprisonment. This would require the provision of more secure accommodation to which those given such sentences could be sent.

Should the carnival be banned altogether? It would be unjust to the black community, the vast majority of which is respectable, decent and law-abiding. It would also be a grave admission of failure to have to admit that a few hundred hooligans can cause an event which gives great pleasure to a quarter of a million people to be abandoned. It might also be counter-productive, and result in the exacerbation of tension between the communities. After all, it has been said already, football matches are not banned because there is weekly violence on the terraces and in the surrounding streets. To ban carnival could seem to be a discriminatory act. The police and the carnival organizers are aware of all these factors, and they will no doubt be studying possible arrangements for the future which draw on the lessons learned over the weekend. They should be given the chance to come up with a scheme which might allow next year's carnival to go ahead.

Unless the Government can find a way to greatly increase police pay, there is, I believe, more than a possibility of some sections of the police service moving irreversibly, down the same road to industrial action that has been taken by doctors, nurses and civil servants. Unless, too, the public—and Parliament—make clear their support for the police, by shifting the centre of gravity of legislation and current court practice in the direction of the law-enforcers at the expense of the law-breakers, I fear it will prove impossible to sustain the ordinary policeman's confidence in his office, and himself.

The police are in the firing line. They need and deserve support. Lately, that support has not been forthcoming in sufficient measure. We need more police, better-paid police, better-equipped police and police who believe in themselves because they know they have the backing of those they serve.

Why doesn't the Government take the steps needed to provide them?

The national interest requires it, the public wants it, and the police cannot wait much longer.

Yours etc,

ELDON GRIFFITHS, Adviser to the Police Committee, House of Commons.

## PORTUGUESE RIOTS OVER LAND REFORM

clashes between farmers and the police in Portugal during the two days were sad but inevitable, and indeed unlikely he last. They are the direct predictable consequence of farmland reform law adopted by the Socialist Government has defended the new law both on grounds of fairness and of economic efficiency, and was able to get it through Parliament with the grudging and last-minute support of the Social Democrats. But it was predictably and bitterly opposed by the Communists, who took the lead in the agrarian upheaval in the south after the Revolution, and have found in the landless and often illiterate farmworkers of the Alentejo one of their solidest bases of support. The farmworkers are desperately poor, and though their management of the farms has not been a success economically they remain bitterly hostile to the former landlords, many of whom were absentee and left their holdings shamefully undercultivated. Although the new law may look on paper like a reasonable compromise, the hot, embittered climate of the Alentejo is not one that lends itself to compromise of any sort. The Prime

Minister, Dr Soares, must have known from the start that this was an area where a violent showdown with the Communists was unlikely to be avoided, and he had first to have a showdown in his own party with the Agriculture Minister, Senhor Lopes Cardoso, himself a native of the Alentejo and a militant left-winger, who resigned to make way for the architect of the new law, Senhor Antonio Barreto.

No doubt there will be more clashes, but how serious they are must depend in part on the advice to its supporters. It may be tempted to encourage a guerrilla resistance, in order to create maximum embarrassment for the Government and perhaps create some peasant heroes and martyrs whom the left can enshrine in song and legend. But there can be no doubt about the immediate outcome of the struggle. On this issue the President and the armed forces—thoroughly purged of leftists since 1975—are firmly behind the Government. Communist attacks on the Government are serving only to drive it further into the arms of the right.

In these circumstances, the government had a choice between two main courses of action—to tighten its repressive measures in spite of the evidence that it would have difficulty in maintaining control, or to continue with its policy of liberalization. It chose the latter. The question now is whether it will feel justified in maintaining this course of action, or whether agitation in the future will lead hardliners in the government to feel they should intervene in the way the Chilean armed forces did in 1973.

Peru, of course, has very little in common with Chile, in spite of their common Spanish heritage. Peru is a country with a large Indian population, scattered across the Andean highlands, or living in shanty towns on the edge of Lima and other cities, while Chileans are largely of European origin. The two countries have also been at loggerheads with each other for many years; memories of the Pacific War, fought nearly 100 years ago, in which Peru was humiliated by Chile, are still fresh.

When the military took over in Peru in 1968, they set up a

regime which was very different from others in the area. They declared themselves to be leftist and embarked on a programme of social reform involving land redistribution and assistance to the Indians. They also took a marked step towards the Russians by starting to buy tanks, aircraft, and artillery on a large scale from them. This has made the Americans worried, though there appear to be few signs that the present Peruvian government, at least, has come under Russian influence. It can be argued that the arms build-up is largely in reaction to the build-up in Chile, where they get their arms from the Americans.

There are suggestions that General Morales Bermudez is himself interested in being a candidate in 1980. If so, he will have to defeat candidates put up by the country's political parties, which are now beginning to flex their muscles again after several years of inactivity. In any case, the prospect is an encouraging one by contrast to the regimes to the south, provided nothing goes wrong between now and then.

## COURAGING MOVES IN PERU

decision of the military government of Peru to lift the state of emergency that it ed last year is a welcome that the trend in Latin America is not always towards repression. Peru is a country that has never taken such a tough with opposition groups as, for instance, Chile, Argentina, Uruguay, and it has faced its intention of the country to a rule, with an elected government, in 1980. The by President Francisco J. Bermudez and his allies to restore constitutional rights now is an indication they intend to stick to this

process is not going to be sailing, however. Peru is going through a severe political crisis, which has led it back the public spending of the previous by government and call for financial assistance. Austerity measures announced in June, had the effect of raising price of food, petrol and bus fuel to widespread rioting the declaration of a surprisingly effective general strike month.

**Rhodesia**  
Mr Brian Crozier  
Mr Edward Mortimer's disapproval of anything I may happen to be by now well known, but me that as he is on work in relying as he does in Africa (August 25), on the unsupported of one source, carrying no authority and admitting (as told towards the end of the) that she was not an eye to the "atrocities" she to Rhodesia's security

cannot imagine, incidentally, Mr Mortimer singles me out, as you know, Sir—your own spokesman, Mr Charles Douglas, expressed much the same in successive articles appear your newspaper at the same as the letter of mine from he quotes. You may be to know that a number of supporters have reached out from within Rhodesia and

from this country, and none of disapproval.

Yours very truly,  
BRIAN CROZIER,  
122 Bridge Lane,  
Temple Fortune, NW11.  
August 25.

## Restrictions on disabled

From Mr Guy Coates  
Sir, It is not only the disabled in wheelchairs (Jan Bradley's article, *The Times*, August 20), who are being discriminated against for fire safety reasons, to the ground floor of multi-storey buildings serviced by lifts. Recently, the Health and Safety Committee of the British Library Lending Division, Boston Spa, recommended, and the management accepted, that all physically handicapped staff should be restricted to the ground floor irrespective of the nature of their disability.

If such regulations became wide-

spread the promotion prospects of disabled people would surely be even more jeopardized than at present.

Yours faithfully,  
GUY COATES,  
42 Mayville Avenue,  
Leeds.  
August 21.

## Bowling analyser

From Brigadier C. E. H. Sparrow  
Sir, Many will agree with the suggestion (Letter, Aug. 24) that wides and no balls should be charged to bowler's analysis.

Might it not be asked also why overthrows are credited to the batsman instead of debited to the bowler instead of being scored as extras?

Yours faithfully,  
C. E. H. SPARROW,  
Buckholt,  
Frampton on Severn,  
Gloucestershire.  
August 23.

## Need for greater support of police

From Mr Eldon Griffiths, MP for Bury St Edmunds (Conservative)

Sir, Can anyone tell me why, in present circumstances, it makes sense for the Government to be scaling down the strength of the police?

Cader recruiting has been all but stopped in many provincial forces. The number of civilian sides has been drastically cut with the result that experienced police officers are being taken off the beat to handle telephone switchboards and paperwork. The CID are impeded by limits placed on police overtime. Police patrol cars in some forces are restricted in the mileage

they may travel. The number of policemen now leaving the force voluntarily in search for better paid jobs, exceeds the number joining. Many of the gaps left by these resignations are being filled by young women police whose admirable qualities do not, for the most part, include an ability to stand up to the pounding their male colleagues have had to face at Grunwick's, Lewisham and Ladywood.

The steadfastness of their metropolitan comrades has made many policemen proud of their service but police morale, overall, is not high. The shabby treatment accorded to the Police Federation's pay claim led directly to the decision that the rank and file of the Force that the police should have a statutory right to strike. This decision is still on the agenda. The police are alienated by a whole series of other actions by ministers and by Parliament which, in police eyes, have made things easier for the criminal and the man of violence, and more difficult for the police themselves.

Unless the Government can find a way to greatly increase police pay, there is, I believe, more than a possibility of some sections of the police service moving irreversibly, down the same road to industrial action that has been taken by doctors, nurses and civil servants. Unless, too, the public—and Parliament—make clear their support for the police, by shifting the centre of gravity of legislation and current court practice in the direction of the law-enforcers at the expense of the law-breakers, I fear it will prove impossible to sustain the ordinary policeman's confidence in his office, and himself.

Throughout the free world, journalists have adopted ethical codes and do their best to follow them. Wherever the codes are breached deliberately, it is generally the responsibility of editors, not of their staff. The public interest requires a closer adherence to professional standards, and it seems that the only way to achieve this is by some transfer of ethical authority from the individual journalists who are employed as the agents of owners to a body representing all journalists. In the case of Britain First, the National Union of Journalists is the only organization which could have a code of professional conduct.

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## EC in disarray over Danish oves to devalue green crown'

Paul Hornsby  
Aug 30

European Community  
able to agree tonight on  
to accede to a Danish  
to be allowed to  
the "green crown",  
used in intra-EEC farm  
50 per cent to bring  
line with the new ex-  
rate for the Danish cur-  
was devalued by  
amount yesterday.  
EEC rules, special ex-  
rates are used in farm  
attempt to even out  
positive effects of cur-  
nominations and thus pre-  
the fiction of a  
"green crown" is not  
it will mean that  
farm exports will not  
a competitive effect  
ould normally follow  
devaluation.

According to informed  
here, Britain was among  
countries opposed to a  
of the "green".  
One reason for this  
to be the desire to  
British pig meat pro-  
against competition from  
imports, which caused  
political problems  
in the year.

It was also understood

to have raised objections to a  
"green crown" devaluation  
apparently because they feel  
that green rates should not  
automatically be realigned after  
currency adjustment.

Denmark's request was con-  
sidered by the committee which  
brings together permanent  
representatives in Brussels of  
EEC states. It is to be looked at  
again by lower level officials  
on Thursday.

The 5 per cent devaluation  
of the Danish Crown was part  
of a realignment of currencies  
within the Snake, the joint  
European currency float, which  
was agreed last weekend at a  
Frankfurt meeting of members  
of the Snake.

Norway's currency, another  
Snake participant, was also  
devalued by 5 per cent, while the  
Swedish Krona was devalued by  
10 per cent and withdrawn from  
the joint float pending an  
improvement in the deteriorating  
Swedish trade balance.

In addition to Denmark, the  
other EEC countries in the  
Snake are West Germany, Bel-  
gium, Holland and Luxembourg.  
Britain and France were also  
members at one time but had to  
withdraw because their al-  
lowing currencies could not observe  
the disciplines required.

## More countries may take devaluation path

By Westlake  
Government of Finland  
said to be seeking  
a new round of economic  
reform is regarded as  
inevitable, and the  
question appears to  
of how much the  
mark should be re-  
valued. The decision  
pivoted by a "safety  
in the national wages  
agreement".

Mr. Sorsa, the Finnish  
Minister, suggested that  
mark by a few per cent  
to provoke trade union  
for a new round of  
bargains. But trade union  
leaders said the  
renegotiation of the  
settlement would prob-  
ably allow a devaluation.

At the same time, the  
confidence has urged  
devaluation of the  
currencies should be big

enough to maintain the  
country's competitiveness with  
Sweden, in other words about  
10 per cent.

The dollar, meantime, had an  
erratic day, rising sharply  
against most other currencies at  
first, but dropping back  
equally sharply later.

Its late fall was particularly  
strong against the Swiss franc,  
which has seen a considerable  
inflow of foreign funds in  
recent weeks.

The Swiss authorities are  
known to have become  
increasingly concerned about  
this inflow and are thought to  
be considering further foreign  
exchange restrictions.

Earlier, Mr. Carl-Henrik  
Hordander, governor of  
Sweden's central bank, told  
Reuters that there was a con-  
siderable inflow of capital into  
Sweden on Monday following  
the 10 per cent devaluation.

But he declined to confirm  
press reports that the central  
bank bought nearly \$240m  
(\$141m), thereby  
recovering almost a quarter of  
the reserves it lost earlier in  
a vain attempt to maintain the  
Swedish krona within the joint  
European float or "snake".

The round had a good day,  
rising marginally against the  
dollar—up 0.03 cent, at \$1.723—  
compared with its Friday  
night level, and against other  
currencies. Its index against a  
basket of currencies closed yes-  
terday at 62.3, compared with  
62.0 on Friday (December 17, 1971=100 on this index).

Other diesel carmakers  
already using CAV equipment  
include Peugeot and Citroen in  
France and Chrysler in Spain.

## Tighter credit policy feared in America

Continued from page 1  
plant and equipment and for  
consumer products, and a drop  
in new construction permits  
issued.

The index also recorded  
increases in the money supply,  
in stock prices and in business  
liquid assets and a fall in  
wholesale prices.

The composite index is de-  
signed to predict movements in  
the economy and the last time  
it changed direction for three  
successive months was in the  
spring of 1975, when it accu-  
rately indicated the trough of  
the recession.

It has been climbing some-  
what erratically ever since then  
and this is the first time since  
1974 when it has fallen  
for three consecutive months.

The only encouraging news  
was the economic front today was  
a set of predictions for new car  
sales in the 1978 model year  
that is just about to start.

Mr. William Bourke, executive  
vice-president of the Ford  
Motor Company, told a press  
conference that total United  
States car and commercial  
vehicle sales in the new model  
year are likely to reach at least  
the high 1977 level of 14.6  
million units.

General Motors last week  
predicted that new sales would  
actually reach 15.5 million  
units.

The Fed's disclaimer about  
monetary policy is being viewed  
with some suspicion in the  
markets, where fears persist of  
a further tightening in credit  
policies.

The rate of money supply  
growth continues well in excess  
of the Fed's declared target  
ranges and further sharp  
increases in the money stock in  
the next couple of weeks are  
widely expected to bring still  
tighter monetary policies.

Such a change in Fed poli-  
cies is likely to be evident in  
its operations in regard to the  
rate for federal funds. This rate  
had moved upwards over the  
last month and the Fed now  
appears to be striving to hold  
this rate around 6 per cent.

A further, even modest gain  
in the rate for Fed funds  
which is quite widely anticipated,  
could prompt the com-  
mercial banks in the next few  
weeks to raise their prime lend-  
ing rates to 7½ per cent from  
the recently established wide-  
spread level of 7 per cent.

Despite mounting evidence  
of a slowdown in the economy's  
general growth rates and in  
inflation, the general acceptance  
in the markets and among bankers  
that interest rates are unlikely  
to fall below current levels and  
may well rise modestly from  
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Passengers desert the trains as high costs and unprofitable routes lead to financial crisis

## Japanese railways run up £11,700m debts

From Peter Hazelhurst

Tokyo, Aug 30

Japan National Railways, one of the world's fastest and most efficient transport systems, has drifted into a financial crisis after running up staggering debts of £11,700m in recent years.

Regional economists have described the immediate losses and debts of the railways as "virtual bankruptcy", but others believe the government can bail the nation's major transport system out with long-term loans.

The magnitude of the public corporation's crippling debts was revealed today when audited accounts that Japan National Railways sustained another loss of £2,000m last year. The

This comes after the railway system, which introduced Japan's much vaunted "bullet trains" into service 13 years ago, lost a little less than £2,000m in 1975.

Although the government has staved off a financial crisis with loans, sub-

sidiaries and deficit financing, auditors warned the railway administration that the system's long-term debts now total £11,700m.

Plagued by over-extended and unprofitable routes, rising wages, strikes and inflation, Japan National Railways continued to sink further into a financial mire early this year despite a prohibitive 50 per cent increase in fares in November last year.

Although the government initially intended to raise fares by 19 per cent again next month, economists have led to a decrease in passenger and freight volume and further declines in revenue.

At present all but three of Japan's 224 national railway routes—a network of 26,000 miles of track—are losing money. One of the three profitable routes is the Shin-Kansen, the 130 mph bullet train which ply between Tokyo, Osaka and Hakata.

The Yamamote line, a crowded circular commuter line in Tokyo, and the

Takasaki line in central Honshu Island, also make money. But all the rest are losing at a rate of £53m a day.

Essentially the corporation's losses can be attributed to three factors: a sharp increase in the wages of 430,000 public railway servants, the rising cost of electricity and a shift in the volume of passengers and freight towards private railways, road transport and private cars.

The national railway system is also saddled with a multitude of unprofitable routes constructed over the years to placate local politicians.

Prompted by the new strength of Japanese trade unions, wages have, for instance, doubled over the past five years to provide the average Japanese railway worker with the current monthly income of £400 before tax benefits.

A growing phenomenon in Japan, known as "Eikoku byo", translated as "the English disease" or "labour unrest", has also bedevilled the railways with a number of costly strikes in recent years.

But the basic malady is a growing preference for private transportation, particularly for freight. In 1960, when the national railway system was being extended in all directions, 51 per cent of the total volume of Japan's passengers and 31 per cent of country's cargo were moved by the state.

Today the national railways' share in total volume of passengers has declined to 30 per cent in terms of passengers and even more disastrously to 12 per cent in the area of cargo movements.

The latest increase in fares has, ironically, hit the national railways budget in many areas. For instance, luxury coaches of the bullet trains are now virtually empty on the 245 miles between Tokyo and Osaka. The price of a one-day first class ticket is £30 compared to the air fare of £22.

Loans have been raised and the government has jiggled with figures. Yet the prospects of recovery for the national railway system—still responsible for the movement of 25 million passengers every day—look gloomy.

## Plessey sit-in continues

A sit-in at a Plessey engineering company in Swindon, Wiltshire, went into its fifth day instead of ending yesterday—because fewer than half the workforce turned up for a meeting.

The 600 workers were expected to vote to hand control of the hydraulics factory back to the management, after taking it over last Thursday in protest at pay layoffs.

But when fewer than 300 of the hourly-paid workers arrived it was decided to adjourn the meeting until today.

Many of the shopfloor workers in the engineering and transport unions voted against.

A Plessey spokesman said management officials—who are locked out—were still hoping to get the dispute back into constitutional procedure so that normal working could be resumed.

## Japan's vehicle exports up 4.8 pc

Tokyo, Aug 30.—Japan's motor vehicle exports for July totalled 378,440 units, up 4.8 per cent from 360,844 units in June and up 14.7 per cent from 329,511 units in July, 1976, the Japan Automobile Manufacturers Association announced.

Export value of motor vehicles and parts in the month totalled \$1,167m (about £267m) up 7.8 per cent from \$1,083m in June and up sharply by 32.5 per cent from \$881.23m in July a year earlier.

Car exports in July totalled 258,372 units, or a 4.7 per cent increase from June and up 12.4 per cent from a year earlier.—AP/Dow Jones.

## Japan's payments surplus rises

Tokyo, Aug 30.—Japan had a revised overall payment surplus of \$1,050m (about £255m) plus up from \$699m in June and \$721m in July last year, the Finance Ministry said.

The revised visible trade surplus rose to a record \$2,050m in July from \$1,480m in June and £1,010m in July, 1976.

July exports rose 23 per cent from a year before to \$7,180m, while imports rose 5 per cent to \$5,050m.

The year-over-year increases compared with 17.1 per cent and 9.1 per cent for exports and imports respectively in June.

Seasonally-adjusted exports showed a 4.2 per cent rise over

June, due partly to active deliveries of ships and cars, while seasonally-adjusted imports fell 0.6 per cent due to slow arrivals of crude oil and textile raw materials.

The invisible trade deficit decreased slightly because a sharp increase in Japanese tourist expenditures was more than offset by non-recurrent income from the sale of Japanese rights overseas.

Japan's long-term capital account was turned to deficit mainly because of increased deferred payment facilities and larger Japanese investments in foreign securities. While the short-term capital account

deficit rose through increased Japanese trade credits.

The current account rose to \$1,550m from \$857m in June, with the visible trade surplus rising to \$2,050m from \$1,480m. The deficit on invisible trade and transfers fell to \$494m from \$623m.

The long-term capital account had a deficit of \$186m, compared with a surplus of \$98m in June.

And the short-term capital account deficit increased to \$430m from \$184m in June, while errors and omissions produced a deficit of \$28m compared with a deficit of \$152m in June.

The scheme, launched last week in Oxford and Burslem, involves the use of special skips, called "bottle banks", into which householders will be expected to discard non-returnable bottles and jars. The waste glass or cullet will then be reprocessed by container manufacturers.

Friends of the Earth, which has for a number of years attacked the increasing use of non-returnable containers, now plans to express concern to the Glass Manufacturers Federation about the publicity surrounding the "bottle banks".

Mr Richard Bate, the FOE resources consultant, said the new scheme had been presented as a solution to the waste glass problem "which is getting the importance of the bottle bank idea out of proportion".

The federation has calculated that bottle banks covering the country could collect waste that would be worth £1m a year to local authorities. Mr Bate maintained that the alternative method of using returnable containers could achieve far greater savings. "But that of course is not in the interests of the waste disposal companies which

the FOE claims that more energy can be saved by the repeated refilling of containers, but agrees that there has been little study of the issue in the United Kingdom.

## TV colour set sales for June stay sluggish

By Patricia Tisdall

Editor

Recent "sensational revelations" about corrupt dealing by multinational companies are only the tip of the iceberg of malpractice, the Fabian Society says in the pamphlet published yesterday. It calls for tougher supervision of such companies by government and the unions.

In *Transnational Corporations: A Strategy for Control*, Mr Carl Wilms-Wright of the International Confederation of Free Trade Unions, argues it is unfortunate that so much public attention has been directed at illegal practices compared to supposedly legal activities.

The investment policy, pricing and trade policy, monopoly power and labour relations of these corporations, as assessed on an objective basis, are far from legitimate", he says.

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BY THE FINANCIAL EDITOR

## A good harvest for stockbrokers too

Holiday weather may not have been to celebrate this year, but August at least have proved to be a vintage for stockbrokers. Turnover for the sub account (August 8-19) totalled £10.5m, and full month turnover, despite stickier days, looks like emerging the best-ever levels, albeit below the record of £10.53m.

his is largely thanks to the revival in the gilt market that started second-half of July as interest rates ease. But the equity market has gone too badly either. True, the turnover figure of comfortably over £10m will probably be only the third so far this year, but it will still be holiday month figures since August

widely the benefits of all this have read is another matter. One or two sized stockbrokers have, perhaps, in their toe-hold in the gilt market a year or so, but, by and large, market continues to be heavily traded by some half-dozen firms. that the private investor has risen is grave suggests that the equity harvest may, perhaps, have been more widely spread. But most sized firms feel it is clutching at to believe that a continuing bull will do much more than make the squeeze they are in anything more temporarily less painful.

good first quarter figures in Mayed the sceptics whose hopes had pressed by poor results from its in competitors. That picture is now itself. The three large German have produced depressing figures first half, though Bayer's pre-tax profit yesterday, was only 4.1 per cent at DM624m worldwide. With from the Americans far from nerves, consequently have become ICI second quarter estimates on downgraded with £145m now expected against the earlier higher £160m or so.

ICIs advantages over the German the indication they are giving of the world demand is hard to ignore. ICI's in general chemicals, plastics and may give it an edge, but the advantage of a weak pound is more rather than strengthening.

self, though, talked of maintaining satisfactory performance of the first with its recent £100m bond issue, 10 per cent gain in export volume first quarter gives some indication of strength of its competitive edge. g underperformed the market by 9 per cent over the past 12 months, profits for the second quarter due to could bring a quick improvement. Up 5 at 412p yesterday, the suggest that some people in the market looking for this and my hunch is y could be right.

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dependent gambling groups have almost doubled interim profits since racing ahead a no the tourist ad betting recovering strongly from levels of last year.

case of Ladbroke Group an interim profit of £10.9m is in line with its made at the time of the rights of £23m for the year, more of which will come from betting. good news comes at a time when questions are to be raised about the industry. The Royal Commission should be reporting at the end of March and, though the more threats of a Tote monopoly have down, the Tote Board has been very aggressive line on the need for extra money to find its way into racing. tically higher betting taxes seem so an extension of the Tote's looks very much on the cards. are only 150 off-course Tote shops at

the moment out of 14,000 but, a move to establish a Tote in every town, such as is being proposed, could radically alter the pattern of betting in this country.

Ladbrokes is currently going for fewer, larger and more up-market shops hoping for a bigger share of a saturated market and improved efficiency. Mr Cyril Stein, the chairman, expects the present proportion of

Mr Cyril Stein, chairman of Ladbrokes: betting still contributes around one third of profits.

profits from betting to remain roughly the same with possibly a fall to around 25 per cent next year as diversifications into holidays, retailing and property begin to produce better results.

In the longer-term these diversifications must hold the key to the group's progress rather than the unpredictable and intervention-prone world of casinos and betting shops. But until the end of this year at least the shares at 153p, up 1p yesterday, look reasonable value with a prospective price earnings ratio of 7.2 and a yield of 7 per cent. Continuing support from institutions, some of whom Mr Stein is meeting today, should provide further buoyancy along perhaps with takeover gossip which revives from time to time.

Sears

## A tax loss legacy in the US

Such has been the scale of the losses at Sears Holdings' troubled American knitwear subsidiary, Highlander, that their reduction this year and elimination next year had been viewed as of key importance in lifting the group away from the profit plateau where it has languished for the past five years. More recently, though, it has been clear that the drastic surgery of last year—management changes, financial restructuring and plant closures—was not restoring Highlander to health, and Sears has decided to cut its losses. Highlander's assets are being sold to Arrose Inc, in a deal, which will bring nothing to Sears but will transfer Highlander's \$15m of bank borrowings and trade creditors to Arrose. The terminal loss to Sears will be £3m.

For Sears as a group, the United States problem had grown out of all proportion. On turnover of less than £30m, Highlander lost £10m last year, largely as a result of a painful £9m cut back in stocks. In the context of group turnover of £93m, Highlander was a minnow, but its losses were very substantial indeed in relation to group profits of £42.5m.

The losses are not being eliminated in quite the anticipated manner, but Highlander will at least leave some residual benefits for Sears. The company itself has not been sold, only the assets. This means that its £20m of tax losses will remain with Sears to be offset against future profits. At present Sears is not in a position to make very rapid use of these tax losses. Its other main American business, Consolidated Laundry, made a profit last year of only £750,000, although a further knitwear business, which made £1m last year, has recently been acquired. So there is a strong case for Sears to expand further in the United States and its own thinking was evident enough in its recent abortive approach to buy a stake in Avis. That approach has brought a number of other interesting propositions Sears' way and the group is evidently in a receptive mood.

## Business Diary: CPSA's Thomas

Trade Union Congress closer. Ken Thomas, secretary of the Civil Services Association, wondering whether the disruption caused by traffic control members him any good in next general council election. A Welshman, was pipped at the post by Tony Christopher, over both the general seat and the general election of the Island Staff Federation on behalf of Cyril Plant. sailing won't be quite for anybody this year. A seat has been created for the civil servants, but assuming Christopher and Tom (of the Post Office) keep their seats, there four contenders.

McAll, leader of the pro-civil servants, is hoping and he has substantiated as the man to the Civil Service. But the only challenge Thomas, but from the leader of the Civil Service, which looks after grades.

There is a fight only before civil servants, there be much of a row, in Stanley, general secretary of the Post Office Engineers and a member Labour Party national, is staking a claim.

four candidates for the seat on the general logic and history point of view of Ken Thomas' predecessor, the much



Ken Thomas

gifted Bill Kendall, never got it because the biggest Civil Service union was always suspected of being too much like a trade union. Now that collective bargaining is fashionable once again, maybe Thomas will benefit by the votes of workers fed up with pay restraint.

John Hayes, Mike Butler and Paul Tritton may be in on the ground floor as a new collecting craze is born. All three have had a hand in a display of plastics antiques which British Industrial Plastics is organizing at the International Plastics and Rubber Exhibition in the National Exhibition Centre in Birmingham between September 15 and 23.

While I have seen more than my fill of plastic reproductions of antiques, I was surprised to learn from Butler that there are synthetic plastics objects that are in themselves antique in the sense of being more than 100 years old.

Indeed, Butler says, one Alexander Parkes exhibited a material called Parkesine at the Great Exhibition of 1851. As celluloid, the material was commercially developed by Daniel Spill in the 1870s.

The earliest pieces of synthetic plastic on show next month will be some 1880s Parkesine, including a medallion from the Marine Assurance Company of Hull and London.

Hayes, Butler and Tritton have borrowed objects from BIP, the Plastics and Rubber Institute and from the few private collectors, such as former BIP director Walter Swallow.

They also went hunting in antique shops: Butler, for instance, found a pre-1914 War celluloid acetate tray at 75p.

Antiques magazines, he reports, are beginning to show interest in this new—or not so new—field.

About 1,500 of Shaklee Corporation's 100,000 worldwide distributors are in London this week for a sales convention, costing \$1m.

They will—among other things—join in company songs like "I Can, You Can, We Can—The Shaklee Way", reaffirm their faith in the company's range of organic and biodegradable products, apply the Golden Rule ("Do unto others as you would have them do unto you") and use "Thoughtsmanship", as advocated by Dr Forrest C. Shaklee, the messianic founder.

Such evangelism has been important to the direct sales success of Shaklee, which is listed this month for the first time on the New York stock

exchange. Gary Shanesby, Shaklee's president, admits that he has misgivings about joining the company two years ago.

He discovered, however, that the products—ranging from household cleaners, and food supplements to an organic toothpaste—were good; the direct sales operation was generous and fair, and the evangelistic style, while Shaklee hangs a

The museum bought the painting, which is of a Roman procession in honour of St Cerealia, in 1972, for a then record price for an Almada Tadema. And thereby hangs a tale.

The museum bought the painting, which is of a Roman procession in honour of St Cerealia, in 1972, for a then record price for an Almada Tadema.

Moreover, it is working in Britain, where Shaklee now has offices and warehouses and a sales force of more than 1,000. Now, the operation here breaks even—worldwide turnover is some \$200,000—but Shanesby sees Britain as a potential growth area.

The economic situation could help us. People may be looking for ways to supplement their incomes and, if they are not able to eat as well as previously, they may wish to supplement their diets."

Among the 240 pages of statistical information crammed in the newly published General Household Survey, 1974 is a table entitled "Reasons for leaving last job by sex". What ever popular mythology may say, sex is evidently not the most popular way to go. Of the males involved, 46 per cent went because they were sacked or made redundant and 14 per cent because they became ill, although 15 per cent went for "domestic reasons, pregnancy or other".

Such evangelism has been important to the direct sales success of Shaklee, which is listed this month for the first time on the New York stock

THE TIMES WEDNESDAY AUGUST 31 1977

## Air delays strike another blow at tour operators' profits

### TOUR OPERATOR PROFITS (30 largest companies)

Year	Turnover	Overall net profit (loss)	Net result as % of turnover
1973	£m	£m	
1974	245.5	(0.4)	(0.2)
1975	225.7	13.01	(1.3)
1976	278.3	12.9	4.5
	226.1	11.7	5.2

Source: Civil Aviation Authority

Delays caused by the assistant air traffic controllers' strike at the weekend were not, in the event, sufficient to cause widespread cancellations or make large-scale refunds to package holidaymakers necessary. But the immediate cost of providing for the thousands of delayed holidaymakers is still making large-scale losses for tour operators slender profit margins.

There is also the prospect that the adverse publicity and unhappy experience of air passengers this summer will be reflected in their bookings for next year.

Tour operators were reluctantly to put a figure on the cost of the weekend's delays. It appeared to vary greatly, depending partly on how closely the needs of delayed incoming passengers could be dovetailed with those of passengers outward bound.

For instance, plane-load (typically more than 100 people) held abroad could sleep in the hotel bed and eat the meals intended for travellers delayed in Britain, at no extra cost to the tour operator.

But extra payments are needed to cover the cost of, for example, the children's crèche which Thomson Holidays ran at Luton Airport or the coach tour organized to keep passengers who were delayed at Bristol amused—not to mention the hundreds of hotel rooms booked and paid for by the tour operator.

Most tour operators are protected by their exclusion clauses from claims arising from strike action, but these have not been tested in the light of new consumer protection legislation. I should the delays be sufficiently extreme to be regarded as a "fundamental breach" of the contract between tour operator and holidaymaker.

However, the immediate costs alone are likely to be sufficiently steep to create concern among tour operator's account

tants in an already difficult trading year. Industry forecasts are that profits, without the extra cost caused by the delays, will be below last year's level.

Figures from the Civil Aviation Authority, which is responsible for licencing all air travel organizers, show that the 30 largest, responsible for more than three-quarters of the business, collectively earned net profits of £11.7m last year.

On a turnover of £226.1m this gave a profit to turnover result of 5.2 per cent.

In 1976, while a full assessment has yet to be made, it is expected that profits will not amount to much more than 1 per cent of turnover.

Volume of business, although it has not fallen as much as at first feared, is still likely to be below 1976 levels by probably about 10 per cent, though at the same time prompt action in "consolidating" or amalgamating flights earlier in the year, has brought the vital load factors of aircraft up to fairly high levels.

It was reckoned that tour operators needed to fill their aircraft to about 80 to 85 per cent of capacity for the tour to break even. Loading above that level yielded the profit.

While, in Western pricing, the break-even level has moved upwards, depending on the tour operator, to 57 or 58 per cent, some companies are operating flights at well above that level.

Thomson, for example, says that it has been achieving 96 and 98 per cent loads in July and August and Cosmos is claiming 95 and 96 per cent loads. But much depends on the loads carried during the "shoulder" periods of spring and autumn.

Much also depends on the prices charged to achieve the high loadings. The share of cheap packages with minimal accommodation launched by Cosmos, Thomson, Laker and others were intended to take up any excess capacity left over from the main tours. As yet there is not sufficient evidence to show how widely they have been used.

But Cosmos' "Cheepies" bookings, although up from 6,225 for the first eight months of 1976 to 10,000 this year, are likely to remain a small proportion of the total of more than 200,000 air holds sold by the company.

On top of the revenue lost through cheap air ticket sales comes the cost of the discounts on standard packages, lavishly promoted earlier in the year when bookings were sluggish.

Given stable conditions, a tour operator can afford to discount by £20 or £30 to win the extra 5 per cent of capacity, and still stay in profit, but already this is far from a stable year and some companies are, no doubt, regretting their discounts.

Probably the biggest single impact on profits was the cost of the no-surcharge guarantees also offered early in the year to win bookings. To balance the expense of buying currency forward—Cosmos alone says it made a forward commitment amounting to £25m—the tour operators were gambling on both an improvement in the exchange rate of sterling and a devaluation of the peseta, the main holiday currency.

The problem is that the

gamble only partly paid off. The industry had been hoping for a peseta devaluation in March. By the time the devaluation actually took place, in mid-July, the gains had been more than wiped out by inflationary price rises.

While the no-surcharge guarantees, overseas inflation rates and the drop in volume are the main causes of erosion of profits, a fourth factor has been the lack of so much of next year's bookings. Traditionally, tour operators have used the cash flow generated from early payments from holidaymakers and credit from hotels and airlines to help finance their activities. But as bookings, and hence payments, become later and suppliers tighten up on the availability of credit, so the tour operators' cash flow has been squeezed.

For now, while profit levels have shrunk, they are still likely to remain above the disastrous rates of 1974—the year in which Court Line failed, when the industry collectively lost £3m.

The real worry at present is about the effect of lack of growth in the volume of sales. After three years of decline, 1977, at perhaps 3.4 million or so inclusive tours, is still well below the peak of almost five million in 1973.

Although scheduled air travel is well on the way to recovery, charter traffic—mainly used for package holidays—continues to go down. While the scramble for volume at any price which took place among tour operators in the late 1960s came to an abrupt halt with the failure of Court Line, some improvement in growth is needed for margins to continue at their historically low levels.

Patricia Tisdall

Alec Nove

## Russia still burdened by a huge trade deficit with the West

### SOVIET TRADE BY COUNTRY (Millions of roubles)

	1975	1976
<b>TOTAL, ALL COUNTRIES</b>	24,034	26,671
<b>SOCIALIST COUNTRIES</b>	14,584	13,988
of which: Bulgaria	2,080	1,931
Czechoslovakia	2,019	1,692
E. Germany	2,880	2,643
Hungary	1,658	1,618
Poland	2,447	2,405
Cuba	1,141	1,351
China	93	108

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## FINANCIAL NEWS AND MARKET REPORTS

## Stock markets

## Gilts upturn mirrored in leading equities

The market is on its way up again. Whether the FT Index will hit the 500 mark in the next few weeks can be seen but, now that the bank holiday is over, buyers are returning.

Business has been somewhat slow to revive—bargains yesterday were still at a near base-level of 4,852—but many of the leaders are emphatically back in favour.

Gilt-edged securities, too, made solid headway, with the help of the market's confidence in a major rise in official reserves. London statistics are unveiled at the end of the week. Gains of a 1/2 were recorded in medium, while longs went somewhat better with rises of as much as 1 1/2.

Wood Bastow rose 3p to 107p. A fortnight ago they were only 90p. Bastow, in contrast to swimwear is a Marks & Spencer supplier, as in Nottingham Manufacturing which has built up its Bastow stake to just under 30 per cent. Figures for the year to June 30, due soon could show a rise from £760,000 to £1.2m or so, or enough to keep the shares on the ball. Marks suppliers have been reporting well recently.

The upturn in Government stocks was mirrored in equities. After a slight retreat at noon, the market demonstrated its ability to absorb any setback and, despite some profit-taking, the FT Index powered on to a 6.4 rise to 490.5 at the close for a 3.2 climb on the account so far. After so much desultory

trading last week, 500 and beyond suddenly seems not so far away.

ICL, of course, will help to set the tone when it reports second-quarter earnings tomorrow. The figures are expected to look very favourable but it seems that several jobbers are still optimistic about the market as a whole and have gone long of the stock. The shares climbed 5p to 412p.

Further consideration of last week's somewhat surprisingly buoyant results from Associated Portland Cement gave the shares another 5p rise to 23p.

Crane continues to feature as a bid stock. Rumours abound although the identity of a likely target, the timing of any approach and its chance of success are still shrouded in the mists of buyers' imaginations. Nonetheless, the "A" shares were hoisted another 10p to 350p and other leaders followed suit. Glaxo

The High Street this autumn

is widely expected to enjoy a buying spree. The Chancellor is expected to ease the purse strings and great things are hoped at the forthcoming sales.

Scottish & Universal Investments was a firm spot with a 3p gain to 582p. Boots went even better with an 8p hike to 219p while W. H. Smith "A" capped the lot and advanced 15p to 705p. Overall a happy time for the retailers.

There is little evidence, as yet, that enthusiasm has spied over in the "second tier". Several stocks did shine, however, with a spurt of weekend press reports among them. These were Ega Holdings where the shares advanced to 105p on conjecture of what the foreshadowed bid, if it comes, will comprise. Common Brothers stood out in shipping and rose to 225p after the stake held by Swan Hunter had been highlighted. Lawton was another favourite with a 12p gain to 48p. The

bid action that did emerge was the approach by Derritron for British Electronic whose shares jumped 6p to 28p.

Insurance issues were mostly up, where changes with Sun Alliance and Life Star to the fore after rises of 5p to 525p and 4p to 472p respectively. But property counters and banks were generally quiet.

Crane Fruehauf is now, as indicated here last week, open to a second bid from the US Fruehauf Corporation. Crane's shares hardened a further 1p to 55p yesterday. Those who know the shares argue that they have only 5p to go to 10p of downside in them even after a good rise, and that the Americans may be forced to offer at least 60 and maybe 65p. Crane would duly hope to make a good defence (profits for this year could rise from £15m to £3m) and quite possibly turn to another if the US concern looked menacing.

A major boost for CRA, in

which RTZ has a 7.26 per cent interest, came from its 45 per cent owned Comiso which also reported its half-year results yesterday which showed a net profit increase from \$8.46m to \$12.2m. The interim dividend has been increased from 2.75 cents to 5 cents a share.

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Very few stocks suffered, with Myson reacting a further 1p to 46p as a result of last week's gloomy statement and BP was a depressed spot in a mixed oil pitch and fell 4p to 892p.

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US insurance gives stimulus to London Underwriting

KLK buys more of Yule Catto

Derritron approaches Brit Electronics

Electronics component

## ANCIAL NEWS AND MARKET REPORTS

### Volkswagen and Toyota excellent

Y 13 per cent to billion went the sales up in the first half year. Yet the group's 1.18 million vehicles, 3 per cent. Home output up by 11 per cent to net foreign output fell to \$30,000. Capital rose by 23 per cent. At this stage no figures are given.

Wolfsburg to Tokyo: biggest car maker, to report in June 30 its net profit by 17.3 per cent to Yen 116.7 billion. The is the first Japanese to report annual net more than Yen 100 to the yearly dividend Yen 9 to Yen 12. In Yen 2 special com payment. The good is said to reflect brisk higher prices and lower a year, unit car 7.3 per cent to 2.64

### Gold prices (by indicators)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1963	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1964	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1965	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1966	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1967	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1968	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1969	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1970	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1971	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1972	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1973	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1974	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1975	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1976	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1977	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1978	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1979	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1980	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1981	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1982	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1983	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1984	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1985	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1986	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1987	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1988	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1989	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1990	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1991	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1992	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1993	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1994	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1995	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1996	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1997	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1998	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
1999	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
2000	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
2001	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
2002	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
2003	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
2004	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
2005	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
2006	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
2007	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
2008	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
2009	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00	101.00
2010	101.00	101.00	101.00									

# Stock Exchange Prices

# Buyers return

ACCOUNT DAYS: Dealings Began, Aug 22. Dealings End, Sept 2. § Contango Day, Sept 5. Settlement Day, Sept 13

5 Forward bargains are permitted on two previous days



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BAKER.—On August 18th at Cuckfield, West Sussex, to Charles, his wife, and Douglas—daughter of Alan and Pamela Baker.

HARRIS.—At 17, at Kingsbridge Hospital, for Maurice and Helen Harris, and son Edward.

HARTON.—On August 20th at Saltash, Cornwall, to John and Barbara—daughter Claudia—son Alan.

HICKS.—At 18, to Bobby and Michael—daughter Linda—daughter Louise—sons Alan and David—son Simon.

CHARRINGTON.—On August 25th at Kettering, to Peter and Linda—son James Christopher.

FOU.—On August 25th at Adderbury, Oxfordshire, to Brian and Michael—son Edward—daughter Linda.

FRANSON.—On August 25th at St. Swithun's, Hungerford, Berkshire, to Michael and Linda—daughter Linda—son Alan.

GAYMER.—On August 26th at St. Swithun's, Hungerford, Berkshire, to Michael and Linda—daughter Linda—son Alan.

HARRIS.—On August 18th at Kettering, to Peter and Linda—son James Christopher.

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DENNESS.—On Aug. 26th at St. Swithun's, Hungerford, Berkshire, to Michael and Linda—daughter Linda—son Alan.

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# MALAYSIA

a Special Report to mark the twentieth anniversary of independence



A girl making Raleigh bicycles in Kuala Lumpur; a farmer ploughing around a modern obstruction in his paddy field; and a Kelabit girl from the upper Baram valley in north-east Sarawak, wearing the traditional ear-rings.

## New assurance in third decade

by Peter Hazelhurst

In an era of tension and to step up an offensive and its two breakaway provided the country with a new sense of confidence. With the launching of the third five-year plan last year, the most ambitious investment programme undertaken in the country, the real growth rate for the year exceeded all expectations, rising to a record level of 11.3 per cent. Per capita income, which declined by 6.5 per cent two years ago, rose by 16 per cent last year to \$US720.

At the same time both massive bombing operations across the northern provinces of the western peninsula declined while the country's real economic growth rate fell to 2.2 per cent. Further setbacks this year are certainly cause for apprehension. But apprehension has given way to a buoyant mood of optimism since the southern provinces of Thailand to destroy communist camps and arms were succeeded by the late Tun Abdul Razak as Prime Minister in border areas. A dramatic improvement in the economy during the 1948-50 period of emergency in Thailand has also

Confronted by a sudden Marxist-Leninist and the Revolutionary Front—with a total strength of 3,000 men, are in the run again. Terrorism has abated during the past 18 months since the army and the police launched a massive combing operation in the private sector of the western peninsula.

The insurgents suffered a sharp decline in January last year. A dramatic improvement in the economy during the 1948-50 period of emergency in Thailand has also

and a slightly lower growth rate this year.

But there can be little doubt that Malaysia's economic prospects look bright. It is the world's largest producer of rubber and tin, and is a net exporter of oil.

Unlike many other developing nations in Asia, Malaysia has vast natural resources and a fairly small population. It also has a political system which provides for stable and smooth change.

The ruling National Front—an alliance of 11 parties representing the country's three major races, Malay, Chinese and Indian—is a cohesive political entity. At present the Front, dominated by its major partner, the United Malay National Organization (UMNO), controls 144 of the 154 seats in the Dewan Rakyat (House of Representatives).

There is little doubt that to provide the backward by Government shares, has advantage. Malaysians of Chinese and Indian origin acquired control of a large section of the economy on behalf of the Malays.

Most forward-looking Chinese admit that urgent measures are certainly required to assist a backward majority community which controlled only 2 per cent of the economy five years ago.

All Malaysia's major universities and institutions of higher education maintain disproportionate admissions quotas for Malay students. For instance, the National University in Kuala Lumpur reserves 90 per cent of new places for Malay students, regardless of whether Chinese or Indian applicants have higher qualifications.

Both the agricultural and technological universities of Malaysia maintain an 80 per cent quota for Malays. The Science University in Penang and Malaysia University in Kuala Lumpur apply a more reasonable quota of 55 per cent. Of the 25,000 seats in higher education, only 2,500 are occupied by non-Malays.

Chinese and foreign investors are required to distribute 30 per cent of their shares to Malays by 1990. All sections of industry and commerce which touched off riots between the Chinese community and the economically backward but larger Malay community on the western peninsula in 1969.

Less qualified Malays are automatically promoted above the heads of Chinese subsided during the intervening years since the Government introduced urgent measures in the early 1970s. Pernas, supported

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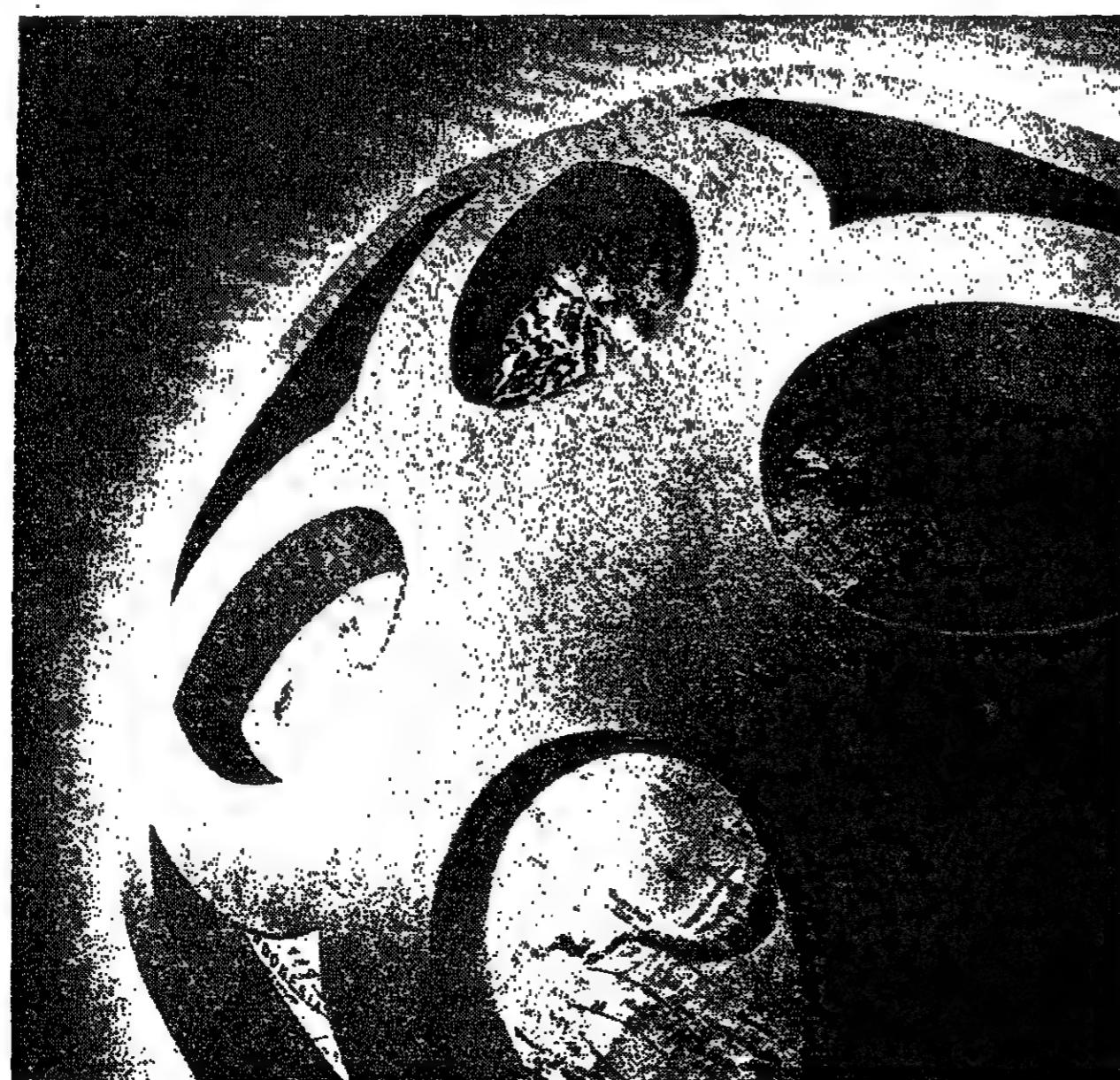
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## Defusing the racial time-bomb

by K. Das

While the legend of ardent Chinese chauvinists proclaiming for 20 years that "unity is strength" it was only this year that the key member of the ruling National Front (N.F.) the Malay-based United Malay National Organization (UMNO), adopted "unity" as its slogan and catch-cry.

The significance of this move was that it brought into focus the trials and tribulations of the party which fought for independence but of the country which began its independent life in 1957 with a racial composition which was described internationally as a time-bomb.

As the politics of Malaysia have always been frankly race-based, the leadership of UMNO from the beginning was adroit enough and far-sighted enough to keep opposing race factions in a state of equilibrium, the Malays conceding when necessary that the Chinese demands were realistic, and the Indians trading off their vote-giving power for whatever they could expect in their weak position.

All parties, however, conceded quietly that UMNO was at the centre of the political scene. In 1974, the late Tun Abdul Razak, Prime Minister since 1970, managed with this knowledge to drag together and harness to the original three-party alliance just about every political party in the country except the extreme left Parti Sosialis Rakyat Malaysian, the Democratic Action Party and the Social Justice Party (PKR).

UMNO was founded in 1946 by the late Datuk Onn Jaafar, father of the present Prime Minister, Datuk Hussein Onn, and both father and son left the party in the early 1950s because it would not countenance the idea of opening membership to other races.

But even after their departure, the party, faced with the reality of a multi-racial society, had to find formulae for a multi-racial government, and Datuk Onn's successor, Tun Abdul Razak, forged the alliance.

A great deal of horse-trading was necessary to keep the Malay party in funds and the key Chinese leaders in business, but what the party allowed to fade out of sight was the quiet Merdeka (independence) agreement. While in 1957 about a

million Chinese were enfranchised, the Chinese made no effort to keep their side of the bargain: to help the Malays to go into business.

UMNO was not exactly what the Malay leaders had in mind when the agreement was made.

The quiet prosperity of the late 1950s (with the tumultuous insurrection beaten) was in 1960, allowed the bargain to be forgotten. In 1963 came confrontation with Indonesia, and there was kind of wartime unity in which the more mundane economic priorities were also allowed to recede.

But confrontation ended in 1965. In 1967, with 10 years of independence behind them, the Malays began to ask what had happened to the fruits of Merdeka. They were still no better off than the other races.

Factions within the party began to challenge the leadership, and Tun Abdul Razak, still believing in gradualism, tried to fend off attacks.

The so-called ultras, the extremists, made no apology for their priorities and it was in this mood that in May 1969 the opposition went to the polls and found a country completely polarized racially.

The murderous riots of May 13, 1969, erupted, UMNO lost ground in every state, and in Selangor, where the riot centred in Kuala Lumpur, the opposition held as many seats as the ruling alliance. Penang was lost to the opposition Gerakan Party.

Everywhere throughout the peninsula UMNO was in disarray. Tun Abdul Razak was under tremendous pressure to step down. When he did, the stage was set for new priorities in both politics and economics.

The late Tun Razak, who became premier in 1960, had begun his political career in the early 1950s with an image of being anti-Chinese, but in the years under Tun Abdul Razak, he came to be known to the Chinese as fair-minded. This has made his task of restructuring society, if not easy, at least not impossible.

But the aim of the New Economic Policy, as it is called, we must understand, the Malays and the Chinese.

Both believed that it was a kind of rob-Peter-to-pay-Paul philosophy, the Malays identifying with Paul, and the Chinese angrily conscious of their role as the passive Peter.

The immediate reaction to the post-riot era was for the Malays to seek patronage from the Government to undercut if not to undermine the Chinese. The Government, having launched the policy, was at a loss to deny the Malay demands that the Chinese preserves were easily to penetrate.

### Danger that 1969 disaster might recur

The Chinese reacted by boycotting the Malays' businesses, but there were few businesses to boycott. Only Malay paddy traders suffered, and this simply hardened the attitude of the leadership and the party extremists.

By 1974 Tun Razak could see that unless UMNO retained power in spite of widespread disaffection, the 1969 disaster could be repeated. His solution of gathering most of the opposition groups together into UMNO's camp could at least stay any potential conflict. But a year later, as he became weaker with growing illness, his party was showing signs of disarray.

In Kuala Lumpur Datuk Harun Idris was increasingly becoming the focal point of Malayan aspirations as he appeared to be preparing to contest the leadership.

He stood for the vice-presidency of the party in July 1975 and lost. The ailing Prime Minister gave warning that Datuk Harun must stop his activities, but privately offered him the post of ambassador to the United Nations.

Meanwhile Datuk Harun was being publicly accused in Parliament of massive corruption. He denied it and would not accept the post in New York unless cleared of the charges.

The Prime Minister's reaction shocked the party for about 18 months. Datuk Harun was arrested, tried and convicted twice, for corruption and forgery.

Another powerful figure who complicated UMNO politics was the ex-Chief Minister of Sabah, Tun Mustapha, who attempted to influence UMNO through proxy and patronage. A largely Islamic and Kurdish leadership, now headed by Datuk Hussein Onn, organized his removal by the simple expedient of having an honest election, something the state had not experienced for some eight years.

These events had a salutary effect on the population. The Malays were made aware that the law was not to be taken for licence and the non-Malays were made to feel that no one could override the law.

The author is Kuala Lumpur correspondent, Far Eastern Economic Review.

## Pact creates waves on shipping scene

by Wong Wai Lin

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## Economy ailing in key areas

by Anthony Rowley

A cursory glance the economy of Malaysia might be judged to be very healthy. Prices for the country's main exports—tin, palm oil and rubber are firm, the sum of which has record surpluses on the part of these high commodity prices, and the banking system is flush with cash as a result, as judged by the Consumer Index, rose by only 4.5 per cent in 1976 and 17.4 per cent in 1974. Unemployment declined marginally from an estimated 6.8 per cent against 7 per cent in 1974.

However, a deeper diagnosis reveals that the economy is ailing in certain key areas. It is still a high percentage of earnings from primary products, despite efforts to diversify the economy, and the manufacturing sector is responding sluggishly to official investment. The investment has so far well short of the targets set in the Malaysia plan, introduced in mid-1976 as the vehicle for implementing Malaysia's new economic

investment in part because of the recession in the advanced countries but possibly as a result of its own domestic aims at giving the degree of over its petroleum industry.

There are also uncertainties in Malaysia, which stems from all politicians' interest in, over whether there is ownership to Bumipura (indigenous community) of a share in business and in equity can be in the time allotted the third Malaysia plan. This has implications for the stability of the economy as a result of the period of about 5 per cent last year.

In 1977, Malaysia's economy is forecast by the Bank Negara to grow at the somewhat reduced rate of 9 per cent although again this compares well with the expected increase in real output of the OECD countries of about 4.5 per cent this year. Given continuing firmness in commodity prices, Malaysia's official targets should be capable of achievement.

Moreover, both the economic growth achieved last year and that targeted for this year are ahead of the 8.2 per cent a year average annual rate envisaged during the currency of the third plan, 1976-80. There are, however, a number of important caveats to be set against the record and the prospects for Malaysia's economy.

The first is the extent to which recent growth has been dependent not only on strong export growth but also upon the improvement in export prices. Malaysia's exports rose by no less than 45.5 per cent in 1976 after declining by 9.6 per cent in the previous year. This reflected a 23 per cent improvement in export prices and an 18.3 per cent increase in export volume.

Within these total figures, the performance of commodity exports, in value terms at least, was very impressive. Rubber exports rose 53 per cent, those of timber by 110 per cent, tin by 26 per cent and of petroleum by 105 per cent. Palm oil exports declined by 8 per cent in value terms reflecting falling prices for the commodity last year although prices have since firmed again.

All this, as the Bank Negara commented, "emphasizes once again the significance of the traditional export sector in determining overall economic activity in ASEAN".

### Performance "creditable by comparison"

The performance of the Malaysian economy last year was also "creditable by international comparison" as the Bank Negara (Central Bank) expressed it in the bank's annual report for 1976. The 24 countries of the Organization for Economic Cooperation and Development (OECD) achieved a growth in real output of gap of about 5 per cent last year.

In 1977, Malaysia's economy is forecast by the Bank Negara to grow at the somewhat reduced rate of 9 per cent although again this compares well with the expected increase in real output of the OECD countries of about 4.5 per cent this year. Given continuing firmness in commodity prices, Malaysia's official targets should be capable of achievement.

The answer to this vulnerability is increased diversification, particularly towards the processing and manufacturing sector where added value per unit of output is considerably higher than in the export of basic commodities, economists argue.

Industrialization cannot be

achieved overnight, however, broken down either by the Bank Negara or the Ministry of Finance reports into foreign and domestic investment of the economy, there is stagnation in both fronts. Generalized economic uncertainty was partly to blame and all developing countries, including neighbouring Singapore, suffered a further downturn in foreign and domestic direct investment, yet private investment, in particular with the exception of the area of the economy last year. The Bank Negara commented in its annual report that "private investment was lagging in growth (in 1976) compared with the other demand sectors".

This was a reference to the manufacturing sector's demand for credit from the banking sector, which slackened considerably last year, taking the net of the sector's investment in the accumulation of funds and its total borrowing. Industry was conserving its cash rather than investing it in new plant and equipment.

According to the Ministry of Finance economic report for 1976-77, published in October last year, private sector investment was expected to grow by only about 3 per cent in real terms during 1976. Even though officials of the Economic Planning Unit in Kuala Lumpur suggest that growth might have reached something nearer 5 or 6 per cent, this is still well short of the 10 per cent a year increase in private investment assumed by the third Malaysia plan.

In 1976 approval was given by the Government for the establishment of 425 manufacturing projects involving a total potential investment of \$1.22m compared with 461 approvals in the previous year involving a total proposed investment of \$1.400m. Although this is not

enough to give a clear picture of the situation, the Minister of Trade and Industry, who had originally been "judge, jury and executioner" under the ICA with power to grant recognition to both foreign and local manufacturers, agreed to appoint a licensing officer to carry out the first function albeit under ministerial direction. Suggestions from the private sector that an independent appeals board should be set up under the Act were rejected however.

Assurances were given that manufacturing activities existing at the time the Act came into force would automatically be given a licence. Manufacturers had only to apply for a licence or submit a letter of intent to apply for registration.

It is too early to say whether all this will lead investors, both foreign and domestic, to reconsider their views on Malaysia but the fact that the Government received 109 applications for the setting-up of manufacturing establishments in Malaysia during the first quarter of this year compared with only 84 applications in the preceding quarter may be indicative. Applications granted approval, however, declined from 89 to 85 over this period.

Another major source of uncertainty affecting investment in Malaysia has been the surrounding the third Malaysia plan and its targets for shifting part of the ownership of business and industry into Bumipura hands.

These targets envisage that, by 1990, Bumipuras will own 30 per cent of total equity capital stock in Malaysia as against 7.8 per cent in 1975 and that other Malaysians (mainly Chinese) will own 40 per cent by 1990 as against the 37.7 per cent they owned in 1975.

The growth rate for Bumipuras is clearly by far the more ambitious and presupposes an annual average growth rate of 25.8 per cent between 1976 and 1990. It is not yet clear whether these targets were met last year. The only guidance offered by the Ministry of Finance annual report was that Bumipura equity in new projects increased from 29 per cent in 1975 to 37 per cent in the first seven months of 1976.

Just what the target of 30 per cent Bumipura ownership by 1990 means in terms of actual investment is not clear even to the authors of the third plan, nor is the present total value of Malaysian corporate stock and the current growth rates being achieved. Work towards getting out some meaningful and reliable figures on this is being carried out under the aegis of the Prime Minister's department.

In theory the growth in total corporate stock is supposed to be rapid enough to ensure that the target for Bumipura ownership can be achieved out of expanded equity by 1990 rather than by requiring existing owners to dispose of their shares.

Nevertheless there appears to have been a not insignificant incidence so far of existing shareholdings being sold out to Bumipuras, possibly as a means of ensuring the grant of a licence under the ICA. According to the Bank Negara: "Inflow of corporate investment in the form of direct and portfolio investment, including reinvestment (in 1976), was partly offset by outflows arising from sales to residents of shares held by foreigners including those in rubber and tin companies and a company generating hydroelectricity supply." Another factor here, however, may have been the change of domicile of certain Malaysian tin and plantation companies from London to Kuala Lumpur.

### Available cash more than loan demand

What bothers the Government is that the mountain of corporate and private cash sitting in Malaysian commercial banks at present—\$M11.182m as at the end of April—is unmatched by loan demand from the private sector. Apart from creating a situation of unprecedented and not highly profitable over-liquidity for the banks themselves this denotes continued stagnation in investment.

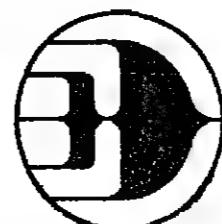
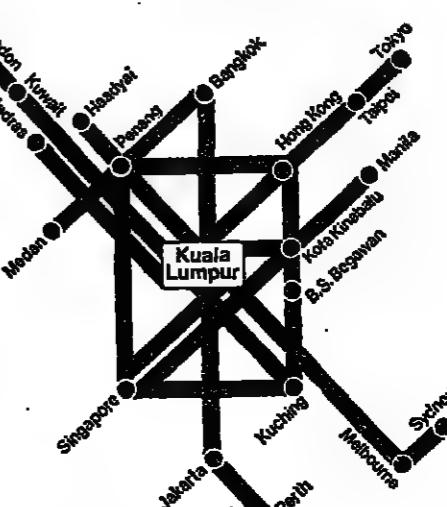
Interest rates were reduced by one point at the beginning of June in an effort to spur the manufacturing sector into borrowing and investing more cash from the banks, but far there is only "slight" evidence that this move might be having the desired effect. The legacy of uncertainty affecting manufacturing and investment in Malaysia may well take longer to dissipate than it did to create. In the meantime, the economy will continue to lean rather heavily on commodity earnings and thus on factors partly outside Malaysia's control.

The author is Singapore correspondent, Far Eastern Economic Review.



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On this and the facing page Thaung Myine, Reuter correspondent in Kuala Lumpur, looks at Malaysian efforts to stabilize commodity prices on world markets and examines four major industries in detail

## Primary goods guarantee a trade surplus

Malaysia recorded a trade surplus of \$M1,002m (£240m) in the first quarter of this year because of increased sales of its primary commodities at attractive prices in world markets.

The surplus compared favourably with the record surplus of \$M1,127m in the preceding quarter, which was a period of peak export performance and it was double the surplus of the

corresponding period last year.

Bank Negara Malaysia, the central bank, said in the latest issue of its economic bulletin that most of the high export earnings this year were largely the result of increased exports of timber, palm oil and rice.

The high level of exports at good prices only serves to reinforce the determination of Malaysian leaders to achieve stabilization of com-

modity prices to prevent the kind of economic recession, with attendant political disturbances, that they faced in 1974.

In that year, when commodity prices fell and inflation raged, anti-government demonstrations broke out in the economically depressed countryside, against alleged corruption in high places. Thousands of university students in the capital joined in protest marches, which were

suppressed with force by armed police and the military.

Since then government leaders have been working on schemes for stabilizing commodity prices with like-minded primary producers in South-east Asia and other parts of the third World.

Datuk Musa, the

Minister of the Primary Industries, Minister of the Trade and Industry, has also been urging indus-

trialized countries to agree to the concept of a common

fund for stabilization of pri-

marily commodity markets, including palm oil and (UNCTAD) negotiations on timber markets.

Datuk Hussein, the prime minister, took up this issue

December 2.

Replies to these objections that existing international

Deputy Primary Industries Minister, told a seminar in Kuala Lumpur recently that measures to lessen excessive fluctuations of commodity prices in the short term were not

they have outlived their usefulness".

## Tin: plans to attack host of troubles

The Malaysian Government has designated 1977 as the year of sustained development for the tin industry, which has declined in recent years.

From a record output of 76,830 tonnes in 1975, tin production fell to 63,401 tonnes last year. More than 30 mines were closed last year and 2,900 people thrown out of work.

Despite the decline in production, tin remains the third largest foreign exchange earner for Malaysia. Export receipts from tin last year reached a record \$M1,524m (£363m), surpassing the previous record of \$1,515m in 1974, because of a significant rise in world prices.

The Government benefited by \$290m from export duties and surcharges last year, and this year it expects to earn \$248m from such taxes. It has plans to attack the host of difficulties plaguing the industry.

The closure of mines, which led to the decline in year production, does not give a full picture because recent discoveries of new deposits show that Malaysia will remain the world's leading tin producer in the foreseeable future.

Some of the problems faced by tin miners in Malaysia are political. The industry is practically controlled by foreigners, mainly British and ethnic Chinese.

As this is listed among non-renewable resources by the Government, the industry has become a target of its new economic policy, which calls for a restructuring of ownership and management in favour of the majority Malay race.

But few Malays have the capital or the skill to win their share of 30 per cent in the industry, which is the target to be reached by 1990 under the new economic policy. This is the crux of the problem facing foreign-owned mines looking for Malays to join in prospecting and mining of tin.

Meanwhile, miners are finding it difficult to get new land for prospecting and mining, or even to renew existing mine leases, a process which takes a long time.

The difficulty of land acquisition and mining lease renewal is compounded by the exercise of jurisdiction by state governments, instead of by the Federal Government, over land and mining.

The states have little interest in renewing mining leases because they get only a minor share of tin revenue, and when they are willing to release mining land they often want inclusion of a Malay partner.

But Malays with capital are prepared to enter into partnership only when tin is found, because they are not prepared to take the risks involved in prospecting.

Chartered Consolidated entered into an agreement with Datuk Harun Idris, who was the Chief Minister of Selangor state, but after his dismissal last year his successor said the agreement was invalid because it contravened the new economic policy. Chartered Consolidated is now looking for the views of others interested in the tin industry.

Datuk Leow Yan Sip, a committee member representing the Chinese Mining Association, said both the Government and miners had not positively discussed all the problems of the industry, to which several factors had contributed. These included depletion of workable tin reserves, crippling maximization, soaring production costs and inconsistencies in the policies of various state governments on alienation, conversion and renewal of mining leases.

Miners hope for speedy action on the land code, now that the state-owned Pernas Securities holds a major stake in the tin industry.

The Government has also announced that the setting up of a metals exchange in Malaysia is being considered.

Reflecting the views of

Miners and Chinese miners

about high taxes, which take up to 70 per cent of their profits. The president of the Chamber of Mines, in his annual meeting speech this year, called taxation "the most enduring problem of all". The Finance Minister, in response, said recently that his ministry was restructuring duties and taxes levied on the industry.

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## Rubber: resilient demand may raise prices

ong recovery of rubber in response to an annual average of demand from purchases. Although production has moved slightly—11,635 tonnes in the first quarter to the end of this year—because of yearly wintering and a long drought, both production and demand at better prices are expected to pick up again. More than 1,000 people work on the rubber plantations or on big

year. Malaysia earned \$3,098 million worth of foreign exchange in terms of both export and revenue, the value of rubber last year is a record; rubber export represented 9% of Malaysia's export earnings in

last year. Constant and extreme fluctuations of rubber prices almost beyond the control of the Government could lead to social and economic disturbances as in 1974 when rubber growers and students staged anti-government demonstrations after a fall in rubber prices.

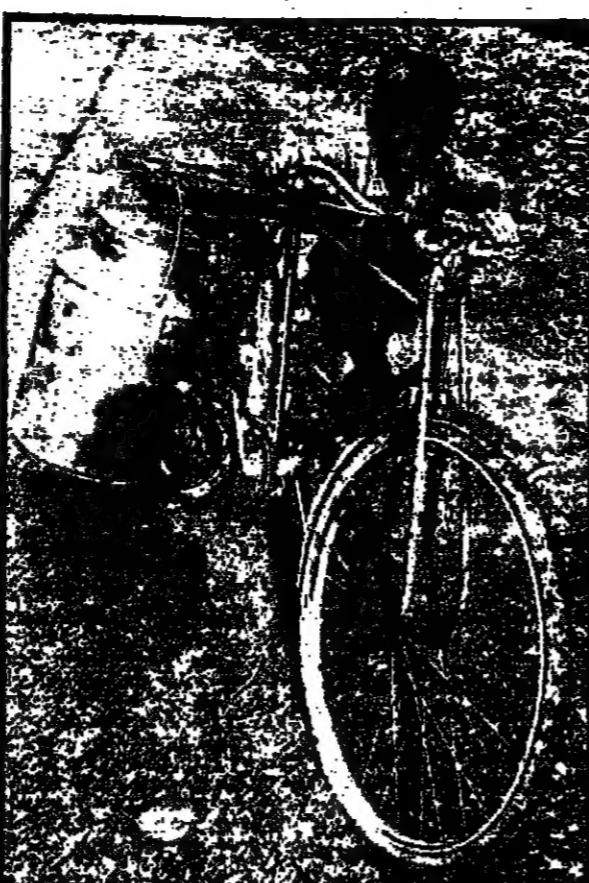
Since then, the Malaysian Government has worked for an international rubber price stabilization scheme. The scheme, set up by the Association of Natural Rubber Producing Countries (ANRPC) last November, is similar to the tin buffer operations of the International Tin Council, with the same benefits to the segments of the population representing a segment of the nation's work

Government thus aimed in continuing care and attention to growth of the rubber industry, particularly in projections at a London conference in 1974. Malaysia is the world's largest rubber producer, this year to be 3,825 million, leaving a shortage of 1,000 tonnes.

One big challenge facing the rubber industry in Malaysia is that despite the price rises and booming exports, the benefits have yet to filter down to thousands of smallholders and labourers who tap for the milky latex that comes out even by mining from the trees.

The Government has accepted this challenge under the third five-year plan, which provides for introduction of new technology for the smallholders and for delimitation of their functions.

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A churn of latex being transported to the factory.

sible for managing the repaying grants, will also open 1,200 smallholders' farms to increase the amount of rubber goods manufactured from 30,000 tonnes at present to 300,000 tonnes by 1990.

Both RISDA and MARDEC (Malaysian Rubber Development Corporation), another government agency, are engaged in promotion of markets for smallholders' rubber at the risk of duplicating their functions.

Authorities like the Malaysian Rubber Research and Development Board (MRRDB) have developed better quality Malaysian rubber and the programme has been copied by other natural rubber producing countries. Work on tyre rubber, started in 1971, has proved successful, so that the Rubber Research Institute is building a factory to produce it on a large scale.

The authorities have also placed emphasis on promoting rubber-based industries to produce manufactured rubber goods for export. The Government's target is

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## Palm oil: first moves to keep competitive edge



Harvesting palms for one of the country's leading primary commodities.

The palm oil industry expects a good year because of a sharp rise in world prices. Malaysian palm oil in Europe and the United States averaged 65 per cent higher in the first half of this year compared with the corresponding period last year.

The average cif price for the commodity for the first six months of this year was \$US79.6 a tonne in Europe and \$75.5 in the United States. Producers forecast that prices will stabilize at about \$550 a tonne in the remainder of this year.

With palm oil and palm kernel oil production projected at 1,912,000 tonnes, the export total this year is expected to surpass the 1,460,000 tonnes sold abroad last year for £31m at a much lower export price a tonne.

In 1976 total export earnings from palm oil and palm kernel oil declined from 15.5 per cent of total exports to 9.9 per cent, making palm oil Malaysia's fifth largest foreign exchange earner after rubber, petroleum, tin and timber, after being second only to rubber in 1975.

The shortfall in export earnings from palm oil last year, solely caused by lower prices, was regarded as a temporary setback by the Malaysian Government, which remains committed to a long-term programme of dynamic, but orderly, development of the commodity.

The Government plans to set up the palm oil registration and licensing authority (Porla) in about three years under oil palm production and existing ones reach their peak yield.

Oil palm is basically an estate crop, but thousands of individual families are earning a good income from it because of the land settlement schemes of the Federal Land Development Authority (Felda). About 40,000 settlers and their families are dependent for their livelihoods on Felda's oil palm estates.

Oil palm has proved to be the most suitable substitute for rubber, particularly in the east Malaysian states of Sabah and Sarawak, where labour is in short supply. Sabah has more than 140,000 acres under oil palm while palm in the 1950s. Today year.

In Sarawak the crop is planted on 40,000 acres. Felda is the largest palm oil producer in the country, with 505,450 acres or about 30 per cent of the total planted area.

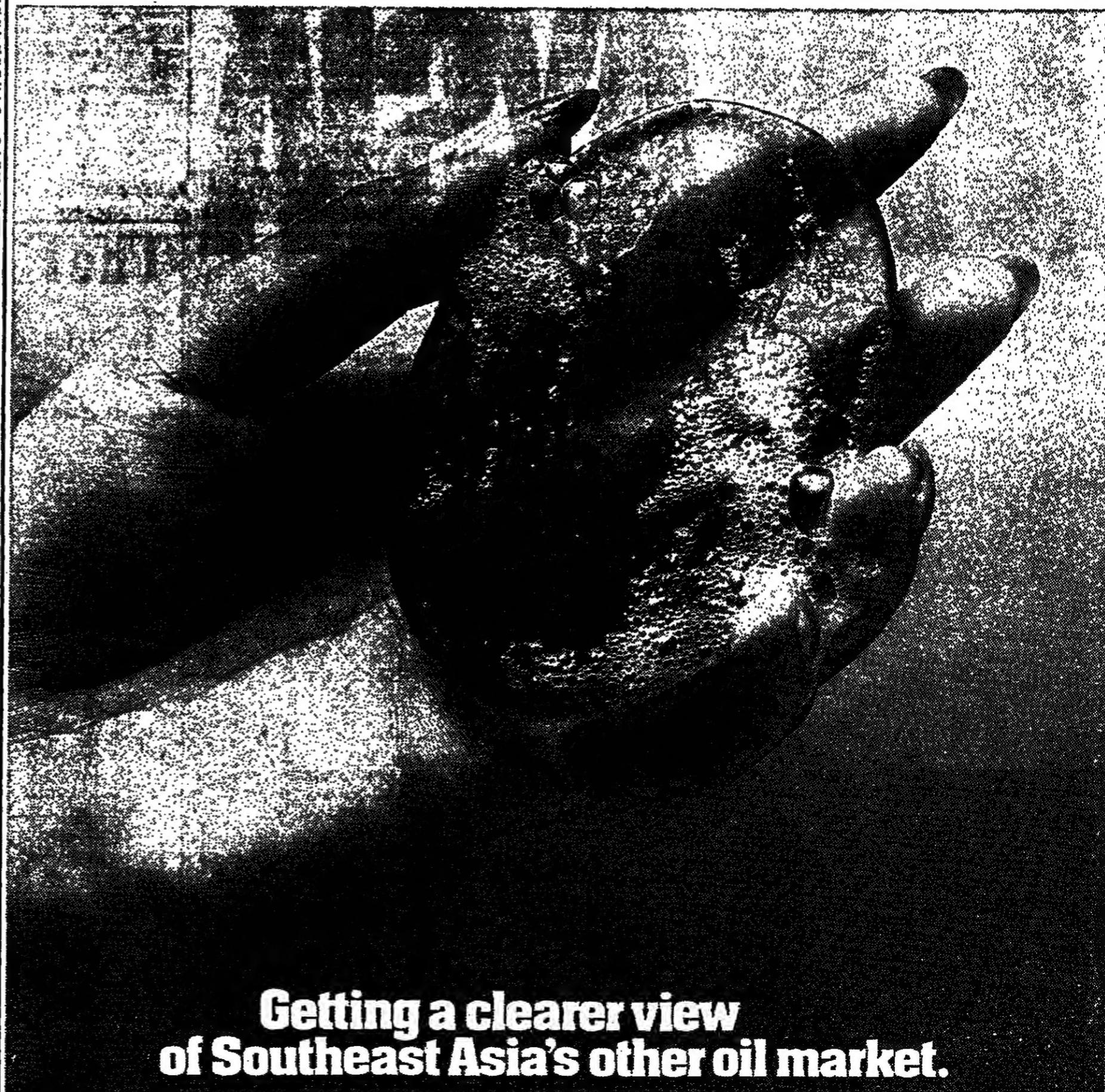
The authority is also the world's biggest single producer of palm oil. Its output in 1976 totalled 243,700 tonnes and almost all of this tonnage was exported.

Felda expects that its production will reach 500,000 tonnes by 1980 when new oil palm schemes come into production and existing ones reach their peak yield.

With production of palm oil and rubber reaching such a scale, Felda decided to set up its own marketing authority, Felda, in 1974, and sold about \$M350m worth of palm oil in the 1950s. Today year.

Felda has its critics, despite its success in giving a livelihood to thousands of impoverished, landless people. For one thing, they say its costs are about 30 per cent higher than those usually incurred by private companies in such land schemes. Another criticism is that only the majority Malay race have benefited from it and minority Chinese and Indians have been left out.

Despite recovery of the palm oil price in response to demand, producers express concern over the decline in sales to the United States. They are unhappy over the campaign by the soya bean industry against palm oil.



## Getting a clearer view of Southeast Asia's other oil market.

In a region that is the world's largest palm oil producer, Singapore's United Overseas Bank Group can help you see the wood through the trees.

Palm oil may never take over from mineral oil in Southeast Asia but it is nonetheless a vigorous and profitable market. And even though it's above ground it does require painstaking exploration before sinking funds into it.

Which is where the United Overseas Bank Group comes

in. We've been financing local and overseas operations in Southeast Asia for more than 40 years. Today, we are among the leaders in loans, gold and Asian Dollar Bonds.

So when we offer you our services, you can be sure we know our stuff. These services are available at our branches in Singapore, Malaysia, Hong Kong, Tokyo, London and our New York Agency. Or through our correspondents in the world's principal cities.

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## Oil gets benefit of tough negotiations

by Roger Vielvoye

Malaysia's small offshore oil able to the Government once output reaches 200,000 industry is once again expanding after two years in the doldrums. Petronas, the state oil company, Shell and Exxon have conducted some of the toughest negotiations the oil industry has seen for many years over the terms under which the companies should operate their commercial oil fields.

By last summer both sides were deadlocked and appeared to be heading for a serious confrontation. It took the personal intervention of Daruk Hussein bin Onn and the departure of Tunku Razaleigh Hamzah, the Minister of Finance, from his secondary post as chairman of Petronas, a compromise offer from the government side, and a state-imposed deadline for completing the negotiations to produce agreements with Shell and Exxon in December.

For once the negotiations involved more than just tough talking and hollow threats by the international oil companies, as has often happened in the past. Exxon gave warning that it could not continue to operate in the bitter atmosphere engendered by the negotiations and then surprised other oil companies by suspending development work on a new field off the state of Trengganu.

The company ordered that two completed steel production platforms built for the field should be left in the Japanese construction yard until agreement on terms could be reached.

The big oil groups had been upset by the Petronas demand for production-sharing contracts with terms equal to those in force in Indonesia, generally considered to be extremely favourable

According to some industry observers, a number of oil groups were afraid

that if they could not win concessions from a non-Opec member still needing the skills and knowledge of foreign oil companies to continue the search for further oil reserves, then the credibility of the industry in future dealings with other emerging oil states would be seriously impaired.

As well as suspending its

development operations, Exxon also pointed out that the Petronas hard-line on production-sharing agreements might rebound in other sectors of the economy where foreign investors could be frightened away by the prospect of the spread of tougher attitudes on state participation.

They were also able to argue that lack of an agreement terms could damage the prospects for a big liquid natural gas development off Sarawak, for which the Malaysia International Shipping Corporation has already ordered five liquid natural gas tankers, the first of which is scheduled for delivery in 1979.

Petronas had its own threats to deliver. Exxon and Shell were told that 15 other oil companies were lined up to replace them should the negotiations fail to produce an agreement on the state's terms. And it would be the newcomers at the scene who would compensate the two companies for the loss of their Malaysian production facilities.

Critics of the softer line started in February the Conoco consortium asked for a final split of 60:40 in the Government's favour, which has subsequently been modified to a 75:25 ratio.

Throughout the negotiations Petronas has stuck to the 83.5:16.5 formula and industry sources do not expect any concessions to be made.

Talks between two sides have been extremely spasmodic

during the summer and it

may be some time before an agreement is reached.

For the other companies

Under the agreement signed in December 10 per cent of production is shared equally between the federal and state governments with a further 20 per cent retained by the oil companies to cover their development and running costs. The remaining 70 per cent is split 70:30 between Petronas and the companies which, after tax, gives the state an 83.5:16.5 split.

Having run into difficulties and been forced to climb down in the negotiations with Exxon and Shell, Petronas is again pursuing a hard line in an attempt to persuade another American company, Continental Oil, to sign a similar production-sharing agreement.

It is resisting the suggestion that terms good enough for Shell and Exxon should be good enough for Conoco and its partners, the Australian Steel and oil producer BHP and El Paso, an American-based company with considerable experience in the natural gas business.

Conoco claims that the three fields found off the east coast of the Malay peninsula are more marginal than the larger Shell and Exxon finds

and that the production-sharing agreement should be tailored accordingly.

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Datuk Hussein bin Onn, the Prime Minister, who intervened personally to resolve a dispute over the oil franchise.

considering exploration in Malaysian waters, the outcome of the deal with Conoco is crucial. It is generally accepted that Shell and Exxon have found the most prolific oil-bearing structures and that new discoveries will be akin to the smaller reservoirs uncovered by the Conoco consortium.

Although there had been agreement with Shell on production sharing, this was not the prelude to expected early approvals for the Bintulu liquid natural gas scheme in Sarawak, costing more than £1,000m. Sensible talks are still in progress over the form that a joint venture to exploit and market the gas should take.

There is also uncertainty over plans by Petronas in marketing. The controversial proposal in the Petroleum Development (Amendment) Act, which would have enabled the Government to acquire control of Shell and Exxon's refining operations by the creation of management shares in the companies held by Petronas, is no longer a rumour.

Petronas still wants a share in the downstream end of the oil business but it is now accepted that this will not come through arbitrary measures like management shares.

The author is Energy Correspondent, The Times.

## The new language of education

by Adibah Amin

Changing the language medium of a nation's education system is a marathon task.

Anxiety is unavoidable on two points: how competent the new medium is, and how competent the students are in it.

These are the two points Malaysia's education and language authorities have continually to bear in mind in effecting the change from English to Bahasa Malaysia (modern Malay) as the main medium of instruction.

In the period of British rule, which ended only two decades ago, getting educated beyond primary level almost always meant going to an English-medium school, an English-medium university.

Primary schools were available in four language media: English, Malay, Chinese, Tamil, the four major languages of this plural society. Chinese secondary schools were, leading to universities in China and Singapore, but an education in Chinese did not offer quite the employment opportunities and social standing that an education in English did.

Education in Tamil stopped at primary level. So did education in Malay, except for two colleges for training primary school teachers.

Besides being the official language, English was the academic language, and became very much the everyday language of those educated in it.

The people who planned and worked for Malaysia's independence came to an agreement that Malay should slowly replace English in these capacities. More, it should be a national language, understood and used by all.

This decision was primarily political. It happened, too, that Malay was the language already understood and spoken by the largest number of people in Malaysia.

The new position of Malay—now called Bahasa Malaysia or Bahasa for short—was written in the constitution of the newly independent nation. So formed were the positions of the

other languages: the people in the language, by adopting from La Trobe University were to be free to go on and adapting foreign words, Australia, and by coming.

And this and the performance of Bahasa-medium graduates Spurred by immediate need, the committees produced terms by the yard for use in teaching and the writing of textbooks. But as the different organizations concerned with education and language had their own committees, different sets of terminology were produced.

To add to the merry confusion, some teachers and textbook writers concocted their own terms when they could not find these fast enough in the terminology sets. It must be confessed that a number of terms which found their way into textbooks, from expert as well as semi-expert and non-expert sources, were howlers.

Yet somehow, correcting and coordinating as they went along, the word-makers managed to give Bahasa Malaysia a vocabulary that was wide, precise and consistent enough to communicate knowledge efficiently at university as well as secondary school levels.

The first Bahasa-medium university, the National University, was set up seven years ago. Lectures and tutorials are in Bahasa Malaysia, as are assignments and examinations. English books are extensively used for reference. ESP (English for Special Purposes) courses are provided to help students in this.

A heartening degree of success

Secondary and tertiary education in Bahasa Malaysia have been established. All schools follow a common syllabus and sit for common examinations.

English-medium schools English-medium, beginning in 1970 in China and Singapore, but an education in Chinese did not offer quite the employment opportunities and social standing that an education in English did.

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A heartening degree of success

Considering that a high standard is maintained and checked through external examinations from reputable universities in Britain and other countries, the degree of success achieved by the university's students is heartening.

Many of its graduates too have been accepted into universities in Britain, Australia, the United States, France and Iran to do post-graduate courses in economics, mathematics, geography, geology, physics, chemistry, library science, Islamic law.

Several have already returned with masters' degrees. Doctorates too have been obtained, for instance in chemistry from Reading and Salford universities in Britain, and in mathematics

The author is a columnist for New Straits Times, Kuala Lumpur.

In the change from English to Bahasa Malaysia as medium of instruction expected drop in the command of English has without a compensating increase in the command of Bahasa.

Such a rise would be compensated enough. The education authorities are increasingly aware that Malaysia cannot afford to decline in proficiency in either language. The perfecting a strategy simultaneous attack on the teaching of both languages.

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## Staging a search for roots

by Krishen Jit

desperate search for roots tends passion to the life of theatre in Malaysia. Traditional theatre—be they practitioners, scholars or cultural heirs—are endeavouring to discover the long-neglected ancient forms of performance and to protect them from extinction or oblivion.

Contemporary dramatists carry a heavy burden that shouldered by modernists is perhaps lighter, for they are faced in no less a task to infuse a local character into a largely imported modernity. The experience of other Asian theatres that the path is not a smooth one, as they are relative novices, Malaysians can learn from the other Asian seekers. But unless South-east Asian drama emerges from the womb of modernism, Malaysia has only in rescuing its treasures, particularly the performing arts, a future.

If local theatre is not immune from what they have never imagined the shape and soul of modern Malaysia. The first radical away from the old drama modern", a sign of the imported which held sway for years, began only a opening of the attention of an especially among the maturing from the of literacy since in 1957, is upon the "contemporary theatre.

modern, or sandi—never been devoid of relevance or personal, the contrary, may be to become of the Western techniques, the modern playwrights easily shed their garb.

They thought they were losing-like realists of social consequence, the early writers slipped in traditional stereotypical albeit in modern style, for example, the and resilient fun in traditional comedy, by raisers of consciousness, breed of comic 1960s, bred by Mustapha Kamal Yassin, the drama modern writers of the 1960s were literary men with little personal experience in the art and craft of theatre. Most, too, were not primarily playwrights but came to drama as part of an exploration of the modern in literature. Even as they invented a refreshing colloquial speech on the Malaysian stage, the tone and often the form of their dramas revealed a literary texture.

Their theatre remained amateurish because they lacked meaningful private or institutional patronage apart from their select audience.

Moreover, the staging of amateur English-language contemporary theatre people

### Transfer was made with ease

A common language and culture explains the ease with which the transfer was made. Significantly, too, the departures of the British and Dutch colonizers from the region reopened the once-closed gates of cultural exchange and borrowing which had earlier characterized the relations between the two ASEAN countries.

That contemporary Malaysian theatre owes something to Indonesia should not therefore be surprising. Compared with the earlier loan, however, the current one is much smaller. In fact, the best of the innovative playwrights work independently of theatre developments in Indonesia.

Only the younger and less mature set of writers, the heirs of the previous tradition of borrowing, monitor Indonesian dramatic trends and attempt to transplant them into Malaysia.

Like their predecessors, these playwrights suffer from a time-lag between the introduction of a dramatic style in Jakarta and its subsequent appearance in Kuala Lumpur. More than a decade, for example, separates the arrival of the absurd drama in the two countries.

Moreover, the staging of amateur English-language contemporary theatre people

in Kuala Lumpur did not much affect the drama modern people. Not until the 1970s did the first recognizable local absurd plays make their debut in Malaysia.

One other factor cannot be ignored in accounting for the late arrival of the absurd among national playwrights. It might be argued that the fiercely pessimistic philosophy of absurd drama is not natural to Malaysian soil. Lack of conviction and not lack of skill alone, also explains why the local variety is often garbed and nurtured by their traditional theatres.

The appeal to different audience tastes and sensitivities also judges them closer to the nature of traditional performance. Drama modern might have excited the minds of their special audience with their dialogue-based plays. By harnessing the energy of song, dance, mime and poetry, the recent experimental theatre affords a multiplicity of sensations for the many to enjoy.

Similar forays to acquire bigger and more diverse audiences have also been launched by contemporary Indonesian theatre. The living tradition of commercialized popular theatre has been used as the carrot by Jakarta playwrights to entice the common people to their once-cleric stages. Less fortunate—because their popular theatre forums, Bangsawan, is a pale reflection of their former glory—the Malaysian theatre scene continues to undergo experiments in the vanguard of the campaign to revive the run-busy and gaudy theatre.

First ground for a contemporary Malaysian theatre was broken by a playwright working in a Sultan Idris teacher-training college about 50 miles north of Kuala Lumpur.

With *Bukun Lalang Dirup Angin* ("It is not the mere blowing of the wind"), and later with *Tiang Seri Tegak Berlima* ("The five strong pillars"), Noordin Hassan assumed a demonstrably rebellious stance towards drama modern.

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A scene from a musical drama by Noordin Hassan.

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For fear of being misunderstood again, the purposeful and socially committed teacher-playwright opted for clarity in his next play, *Tiang Seri Tegak Berlima*. The sharper and more resolved pictures that he evoked hinted that lucidity had become the natural companion of Noordin Hassan's new-found affirmative position towards his society.

Theatrically, the most helped Noordin Hassan to his visual and aural imagery. By way of the cinema, Syed Alvi, the other important contemporary playwright arrives at an equally impressive, if somewhat different, crystallization of theatre method. Deeply rooted in the Malay earth, *Tok Perak*, his best play to date, is technically prodigious.

In the form of film, colour transparencies, shadow, dances, music and poetry he constructs a multi-media edition for *Tok Perak*, winner of the National Literary Award in 1974.

*Tok Perak* is a powerful metaphor for the dual nature of man. His drive towards personal freedom is accomplished at the expense of loneliness. Yet his desire for unfettered self-expression is hauntingly balanced against his compulsion for roots.

The author is drama critic, New Sunday Times, Kuala Lumpur.

## What's what about who's who

by Adibah Amin

The profusion and complexity of Malaysian titles where the hostess can make could drive the uninitiated to distraction. The rule is to take nothing for granted. Malaysia is not the only state of which nine have royal rulers or Sultans. Those with the SMN are higher than those with the SSM, because SMN was created eight years earlier than SSM. Other factors come into play, such as who got his runup earlier and what political appointment, if any, he holds.

The same goes for the Tan Sri, of which there are two categories, the PSM and the lower PSM. The federal Datuk, PSD, comes below the PSM. Although it was created earlier than the PSM, the Prime Minister in 1970 decided that it should have a lower position in the hierarchy.

When someone is a Tengku or a Tunku, it is his blood is very blue indeed, or very white, the Malays would put it, unless that is, he comes from Perak, where a Raja is usually higher in the hierarchy.

Position in the social hierarchy depends mainly on closeness to the throne. Hereditary titles are passed down the male line, but kinship is counted from the female side as well.

When a princess marries a commoner, in some states their sons use the title Megar and their daughters Puteri, while in others the children are called Wan and the numerous state

titles are called Wan or Puteri in this way.

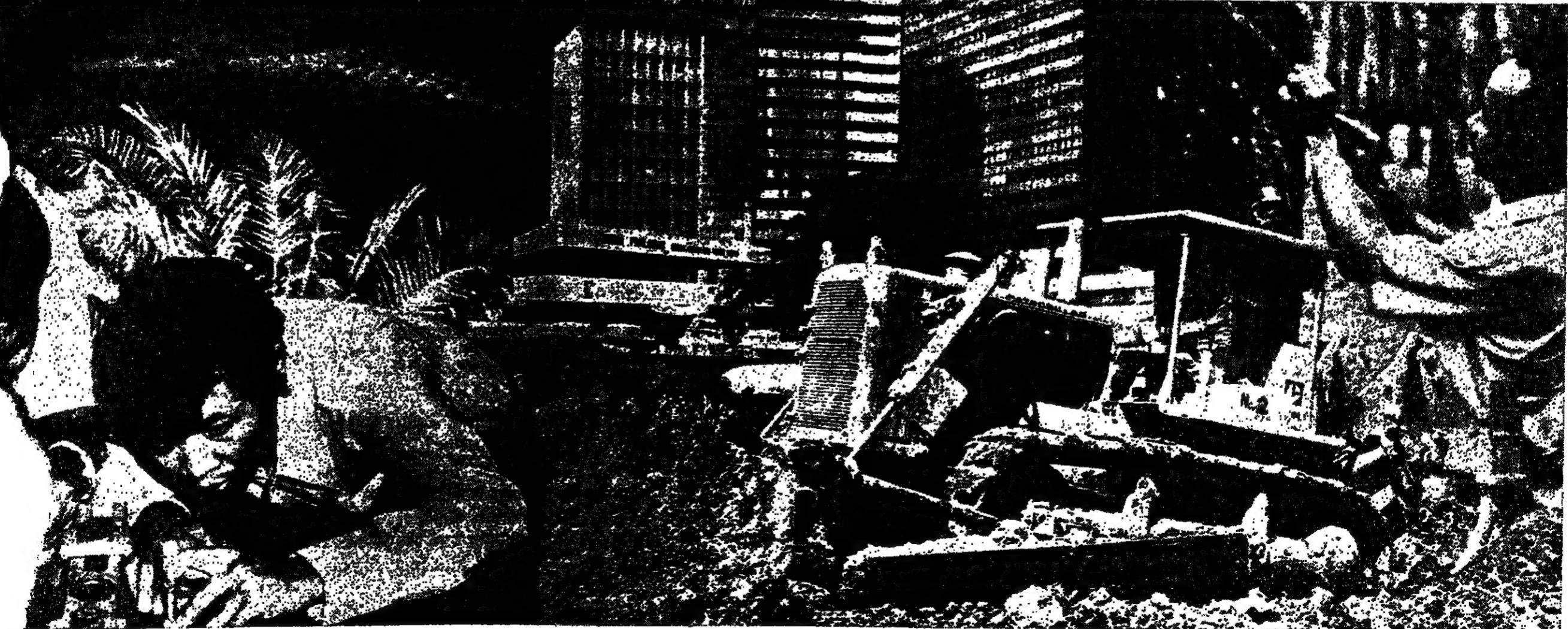
Someone should do research on the history and social significance of these titles and of others like Ungku, Pangeran, Nik, Tuan and the numerous state hereditary Datuks.

Speaking to the titled was at one time a most elaborate affair. If you spoke to a Datuk, for instance, you referred to him as "Daduk" and to yourself as "hamba Datuk" (Datuk's slave) throughout the conversation. Nowadays you still call him Datuk, never "you", but you may use the ordinary s/o (1).

The wife of a Datuk, hereditary or conferred, is called Puteri. But other hereditary titles carry no corresponding titles for the wives.

A Tunku's wife is Ibu Puan, a Tan Sri's wife is Puan Sri. Any of the titles can be conferred on a woman as well as a man, and have been. The husband gets no title.

Neither need she worry about the two just below, because DKM is awarded only to reigning Sultans and DMM to people-like foreign princes and heads of state, a Puan Sri?



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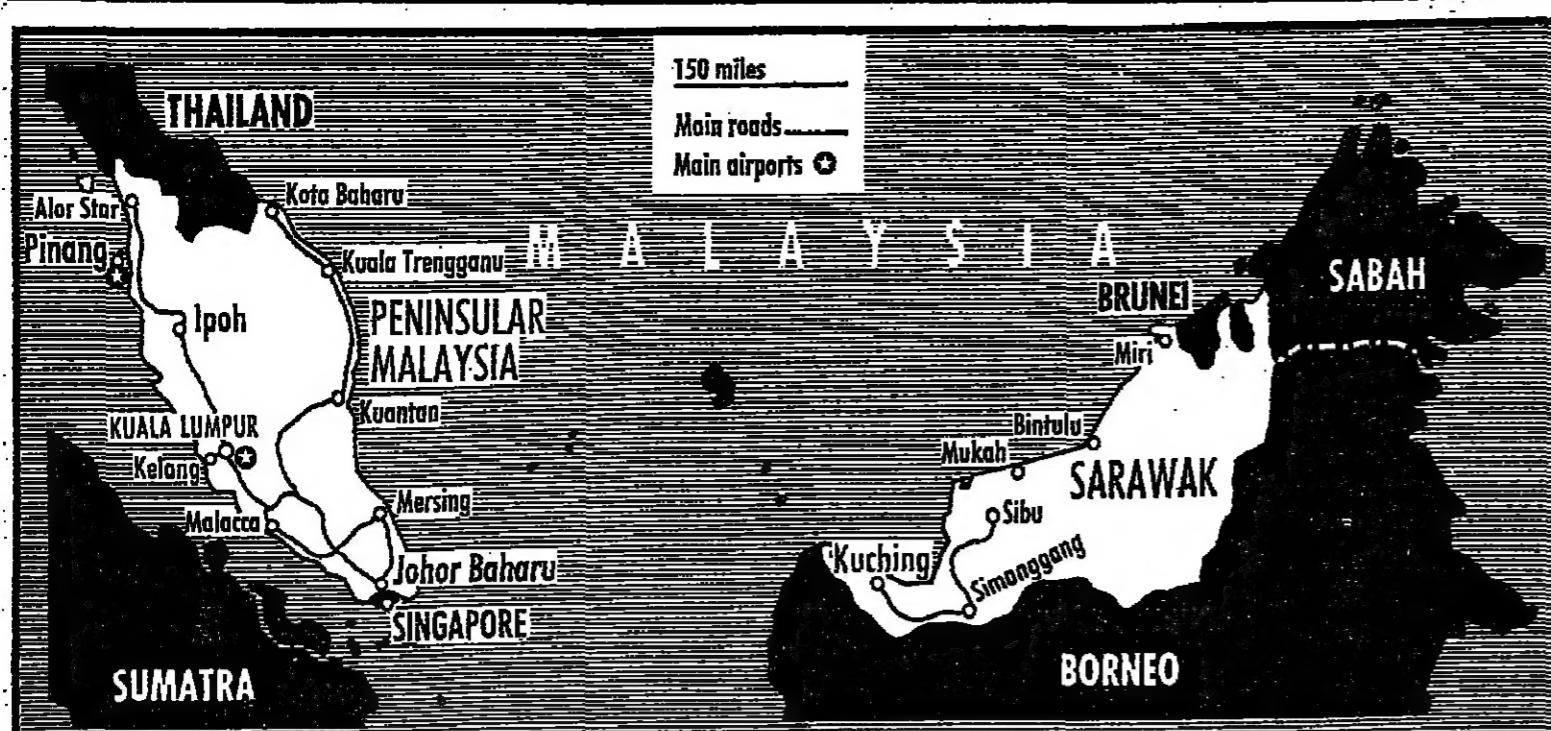
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## Communist threat lingers on

by K. Das

As Malaysia celebrates 20 years of independence, there is a disgusted awareness in the country that freedom from British rule in 1957 did not mean freedom from the nagging irritation by the Communists Party of Malaya (MCP), which has been fighting for freedom by killing occasional policemen, laying booby traps in the jungles and planting communist flags in urban areas on its own rather obscure anniversaries.

The split, long dismissed as government propaganda by most cynics, was confirmed with elaborate explanations only on July 5 by no less an authority than the clandestine radio, *Suar Revolusi Malaya*, or the *Voice of Malaya Revolution*, based in Yunan in China. The radio, a long-time irritant to Malaysia and a subject of discussion before Malaysia finally established relations with China, launched a vicious attack on the main breakaway group of the MCP, the so-called Marxist-Leninist faction.

In 1975, in a spate of urban guerrilla activity, the communists blew up a national war monument, fired mortar shells into the air force base outside the federal capital, lobbed grenades into the Police Field Force headquarters in Kuala Lumpur (killing two), and finished their grim work for the year by killing in broad daylight the chief police officer of Perak state, in the heart of Ipoh town. The chartered figure was about 705. By 1975, the end of the seven-year plan period, the MCP had an estimated membership of 2,000 men, but were nowhere near taking over the country. By this year the chief was further swelled, and estimates put it at 3,000 armed men. The chartered

strength by June 1977, however, was only 2,057.

Even more satisfying for the Government, the communists who fled across the border and are forced to recruit Thais into the so-called Malayan Communist Party, constantly disagreed on the best strategy to adopt in their "revolutionary war", and in 1970 split irrevocably into three factions.

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During the year they also managed to kill more than a dozen special branch officers up and down the country. It was only when the terror campaign was at its height that the police machinery moved into top gear. More important, a diplomatic offensive began to get the total commitment of the Thai Government to flush out the communists who had begun their attack from the safety of sanctuaries in Thailand.

The police offensive and army manoeuvres were immediately successful in that they moved the most militant of the MCP back into the Thai jungles, and proof of success was that not a single incident took place last year in this involving police or army units. The only attacks were on civilians and there were a few casualties. But the Government was more concerned now to get the Thai Government to help to clean up the border.

Under the military government of Thailand, and later under the Government of Kukrit Pramoj, and even under the rule of Serei Pramoj, there was only elaborate discussion and not picking as Bangkok prepared and made polite noises. The MCP in mid-1976, watching the ineffectual border operation, pulled its most magnificient coup. It staged a revolution in thinking about the MCP. The border agreement was revitalized and Malaysian troops are now permitted to go almost anywhere and for any length of time.

The diplomatic offensive from Kuala Lumpur was hardly making headway when the Serei Pramoj Government fell and gave way to the Government of Thanin Kraivichien and the new generals, and an anti-communist mood in Bangkok set in which brought almost about a revolution in thinking about the MCP. The border agreement was revitalized and Malaysian troops are now permitted to go almost anywhere and for any length of time.

The first full-scale joint border operation, code-named Big Star One, was launched in January this

year. In April came Big Star Two. In brigade strength Malaysian and Thai troops swept through the Sado area of Yala province in southern Thailand and totally dislodged a Revolutionary Faction force of some 250 men, capturing supplies and logistics materials that will take a decade to replace.

On July 4 Operation Sacred Ray One was launched in Betong itself and three days later Sacred Ray Two began in the Weng salient to the east, just across the Kelantan state border, this time with three Malaysian brigades and an undisclosed number of Thai troops. Again the "kills" were few and far between but supplies of food and medicine and war material that took years to assemble were captured.

Since the end of 1975 the communists have not made any attempt to advance. The job, as seen by Malaysian army and police, is to harass, attack and pursue.

While the army and police are on the move, the Malaysian Government is fully preoccupied with the task of social and economic advancement, the only long-term cure for the growth of communism.

Ever since East Pakistan broke away to form Bangladesh, the phrase "East Malaysia" to describe Sarawak and Sabah has been officially frowned upon, lest its use gives rise to similar ideas. But the prospect of secession has diminished now almost to the level of myth and might have been

Tun Mustapha's party at the next state elections.

The ploy succeeded, Berjaya won and Tun Fuad Stephens, its leader, became Sarawak's Chief Minister—only to die in an aircraft crash less than two months later, in June last year. Datuk Harris Salleh, his deputy, took over.

Later his party forced Tun Mustapha to resign as leader but recently, apparently in need of both his appeal and his reputed money, it invited him back. His return has caused some trepidation in Kuala Lumpur and among his opponents in Sabah that this appears to have little basis.

A better explanation now, however, is that there is no fundamental pressure for change. In both states elected governments fall over themselves to declare their enthusiasm for Malaysia. In any event, politicians are not really popular and many people prefer to keep their rulers at a distance; home rule would not necessarily be better.

Within the past decade only Tun Mustapha bin Dara Harun, the former Sabah Chief Minister, has defied Sabah's ill-managed finances hard. Tun Mustapha circulated within his party a short undated paper entitled, *The Future Position of Sabah*, the present Prime Minister, seems to suit his style.

His intention may have been more blackmail than secession but even if a break-away move is discounted a large threat to Malaysian stability remained. Tun Mustapha had spent a lot of money wooing supporters in Kuala Lumpur, and the prospect was that he would add Sabah's 12 members of Parliament to those of the Islamic Party, that some dissident UMNO MPs would have joined in and that UMNO would have come under powerful all-Sumiputra challenge.

Tun Razak, the Prime Minister at the time, decided against direct action. Instead he lent his blessings to a new party, Berjaya (Success), which would challenge the Influx supplanted in the belief that more Muslims would strengthen his hold in a state with a Muslim majority. Now every coastal town has its ring of squatter

## Secession now seen as a non-starter

by Hugh Mabbett

houses, its unemployed, its higher crime rate and its occasional cholera as a result.

There is talk of resettling the migrants on land schemes but few Sabahans relish the idea of money being spent on people they see as intruders. However, they are not likely to go home either and it would be as bad or worse to leave them as they are.

Another issue of pressing importance is the salvation of what remains of Sabah's forests, the source of astonishing and astonishingly squandered wealth in the past decade.

In a recent interview Datuk Harris said that at present falling rates Sabah

it is managed has also limited the Malay-Melanao minority (the Muslims) a larger Sarawak's affairs than Ibans and Chinese enjoy. The larger tree is, how long will it be the other races to come this?

On the face of it, the Muslims are making it easy for them. The outspoken opposition Datuk Patinggi (a title) Tan Sri Abdul Rahman as Chief Minister from within the ranks, mostly from the Malays of the Kuching region.

This is a dispute of dare complexity. Datuk Rahman, one Malaysia's most skillful sidesteppers, has been able to extend, log exports will be curbed, processing for added value will be encouraged and by 1980 we will have the situation under tight control.

This will reduce timber revenue but earnings from oil will pick up. Tun Mustapha had refused to sign an agreement with Petronas, Malaysia's state oil corporation, giving it rights to oil in return for 5 per cent of production. Berjaya did and now Shell and Exxon are enlarging production from about 80,000 barrels a day on promising fields off Sabah's west coast.

Sabah accordingly presents as state a picture as can be expected of a state with a new government, with an economy well behind that of peninsular Malaysia, with a racially and religiously divided population and with an untenable position right on the fringe of the federation.

To fly south-west from Kota Kinabalu in Sabah to Kuching, the capital of Sarawak, is to enter a different political world. To leave behind the black and white of Sabah's ill-managed cities hard. Tun Mustapha circulated within his party a short undated paper entitled, *The Future Position of Sabah*, the present Prime Minister, seems to suit his style.

All this makes a good platform from which his Government can tackle some major problems—especially deciding what can be done about 90,000 (some say more than 100,000) mainly Muslim recent migrants from the southern Philippines. They are often described as refugees from fighting there but there is no doubt that most were not so much escaping a war as looking for a chance to gain from Malaysia's higher living standards.

Tun Mustapha permitted the influx supposedly in the belief that more Muslims would strengthen his hold in a state with a Muslim majority. Now every coastal town has its ring of squatter

settlements. In one a "eliminations" at a

This little war point basic difference between Sabah and Sarawak, has few really poor and no communist movement; Sarawak has

our lives as farm workers and who

both class and

resentments.

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